Federal Trade Commission

PERFORMANCE & ACCOUNTABILITY REPORT

FISCAL YEAR 2011

ABOUT THIS REPORT

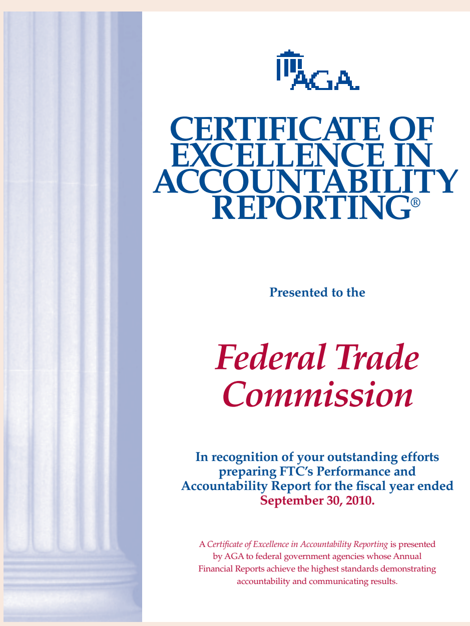
The Federal Trade Commission's (FTC) Fiscal Year (FY) 2011 Performance and Accountability report (PAR) provides the results of the agency's program and financial performance and demonstrates to the Congress, the President, and the public the FTC's commitment to its mission and accountability over the resources entrusted to it.

This report, available at www.ftc.gov/par, includes information that satisfies the reporting requirements contained in the following legislation:

- Federal Managers' Financial Integrity Act of 1982
- Government Performance and Results Act of 1993
- Government Management Reform Act of 1994
- Reports Consolidation Act of 2000
- Accountability of Tax Dollars Act of 2002
- Improper Payments Information Act of 2002
- GPRA Modernization Act of 2010

The performance and financial information contained in this report is summarized in a "Summary of Financial and Performance Information" report available at www.ftc.gov/par by February 2012.

CERTIFICATE OF EXCELLENCE



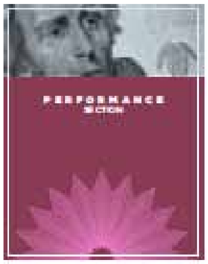
The FTC received the Association of Government Accountants' Certificate of Excellence in Accountability Reporting for its FY 2010 PAR and a Best-In-Class award for Most Effective Management's Discussion and Analysis.

HOW THIS REPORT IS ORGANIZED

This report includes four major sections plus supplemental information.

1. Management's Discussion and Analysis Section

The Management's Discussion and Analysis (MD&A) Section provides an overview of the FTC's mission and organization, an overview of key performance measures and efficiency measures, mission challenges, financial highlights, and management assurances on internal controls, financial systems, and compliance with laws and regulations.



2. Performance Section

The Performance Section explains the FTC's performance relative to its strategic goals and objectives, and includes an overview of how the performance data are verified and validated.

3. Financial Section

The Financial Section provides financial details, including the independent auditor's report and audited financial statements with accompanying notes.

4. Other Accompanying Information Section

The Other Accompanying Information Section provides management and performance challenges identified by the Inspector General along with the Chairman's response and a summary of financial statement audit and management assurances.

5. Appendices

Appendix A lists the acronyms used throughout this report; Appendix B provides contact information and acknowledgements. Appendix C lists useful links for references.

THE FTC AT-A-GLANCE

History

The federal government created the Bureau of Corporations in 1903. In 1914, President Woodrow Wilson signed the Federal Trade Commission Act into law, and the Bureau of Corporations became the FTC.

Laws Enforced

The FTC is a law enforcement agency with both consumer protection and competition jurisdiction in broad sectors of the economy. The agency administers a wide variety of laws and regulations, such as the Federal Trade Commission Act, Telemarketing Sales Rule, Identity Theft Act, Fair Credit Reporting Act, and Clayton Act.

Profile

- The agency is headquartered in Washington, DC, and operates with seven regions across the United States.
- The agency had over 1,100 full-time equivalent employees at the end of FY 2011.
- Total new budget authority for FY 2011 was $292 million.

DID YOU KNOW?

Consumers are affected every day by the FTC's activities. For example, consumers receive fewer telemarketing calls, obtain free credit reports, receive less spam, receive identity theft victim assistance, access truthful information about health and weight-loss products, pay lower prescription drug prices thanks to the availability of generic drugs, and enjoy competitive prices for goods as a result of merger reviews and actions taken by the FTC.

- The agency manages the National Do Not Call (DNC) Registry, which gives consumers the opportunity to limit telemarketing calls. At the end of the fiscal year, there were more than 208 million active registrations on the DNC Registry.
- In FY 2011, the FTC took action against mergers likely to harm competition in markets with a total of $22.7 billion in sales. The agency's efforts to maintain aggressive competition among sellers benefit consumers through lower prices, higher quality products and services, additional choice, and greater innovation.
- The FTC shares the more than 16.1 million consumer fraud, identity theft, financial, and DNC Registry complaints it has collected during the past five years with more than 2,000 law enforcement partner agencies worldwide via the secure Consumer Sentinel Network website.

MESSAGE FROM THE CHAIRMAN

Jon Leibowitz
Chairman

Introduction

The Federal Trade Commission is a small agency with a big mission: protecting consumers and maintaining competition. This past year, the troubled economy has made our mission more critical than ever, as we combat deceptive, unfair, and anticompetitive conduct that tilts the marketplace against consumers and honest businesses. Our law enforcement actions and policy initiatives have focused on key sectors of our economy, from high tech to health care, financial services to online commerce.

Again this year, our staff has demonstrated remarkable talent, dedication, and creativity and produced tangible results for American consumers. This Performance and Accountability Report for Fiscal Year 2011 shows how we managed our resources, highlights our major accomplishments, and outlines our plans to address the challenges ahead.

FY 2011 PERFORMANCE HIGHLIGHTS

"LAST DOLLAR" FRAUDS:

Stopping scammers who prey on financially distressed consumers remains the FTC's top consumer protection priority. During the past year, the agency has taken action against some of the worst abusers trying to pick the last dollar out of the pockets of struggling consumers with false promises of jobs, debt relief, mortgage modification, and health insurance. The FTC has also partnered with other agencies to review questionable practices of mortgage servicers including "robo-signing."

"PAY-FOR-DELAY" PHARMACEUTICAL SETTLEMENTS:

Anticompetitive "pay-for-delay" patent settlements between brand-name drug companies and their generic competitors delay the availability of lower cost generic drugs by 17 months on average, costing consumers an estimated $3.5 billion a year. The FTC has continued efforts to end this harmful practice by challenging these agreements in court and supporting legislation to restrict them. This is an important part of the agency's overall effort to promote competition in health care goods and services, to help improve quality and reduce the costs.

HIGH-TECH COMPETITION AND INNOVATION:

Technology markets are critically important to our economy, job creation, and business innovation. The FTC's antitrust investigations increasingly involve high-tech industries. The FTC challenges anticompetitive conduct and mergers, while also considering the realities of the fast-moving technology marketplace in selecting targets.

CONSUMER PRIVACY AND "DO NOT TRACK":

In December 2010, the FTC staff issued a preliminary privacy report, promoting "privacy by design," transparency, consumer choice, and business innovation. The report can help inform policymakers, including the Congress, as they develop solutions, policies, and potential laws governing privacy. It also encourages industry to develop self-regulatory guidelines and best practices. One suggestion: implementation of a "Do Not Track" mechanism, so consumers can control the collection of data about their online searching and browsing, an idea with growing industry support.

OUTREACH AND PARTNERSHIPS:

The FTC looks to consumers, industry, and law enforcement partners to help identify marketplace trends and challenges. Consumers are encouraged to contact us through online complaint forms and toll-free phone numbers. We also communicate with the public through online resources, such as www.ftc.gov, as well as printed publications. The FTC offers Spanish-language versions of many consumer education materials at www.ftc.gov/ojo. Tech-savvy consumers looking for up-to-date information can now "like" the FTC on Facebook, "follow us" on Twitter, or check out educational videos on the FTC's YouTube channel. The agency has also taken steps to enhance public engagement in our longstanding regulatory review process, with a new web page and an accelerated review schedule to ensure that the FTC rules and guides are up-to-date, effective, and not overly burdensome on business.

FINANCIAL MANAGEMENT

One of our more important duties is being diligent and responsible stewards of the public resources that the American taxpayers and the Congress provide to us. For the FY 2011 independent financial audit, we received our 15th consecutive unqualified opinion, the highest audit opinion available. The independent auditors did not identify any material weaknesses, significant deficiencies, or instances of non-compliance with laws and regulations. I am pleased to report that management's assessment of risks and review of controls disclosed no material weaknesses (see Statement of Assurance, p. 27) and that the financial and performance data presented here is reliable and complete. It is worth noting that although the FTC receives a general fund appropriation, a substantial portion of our budget is derived from offsetting collections under the Hart-Scott-Rodino Act and the Do Not Call Registry. Also notable, although not a budgetary resource, the FTC's law enforcement actions result in significant collections of consumer redress and fines. In FY 2011, the FTC distributed more than $116 million in redress to consumers and returned nearly $142 million to the U.S. Treasury in fee collections, redress disgorgements, and fines. In sum, the FTC either disbursed to consumers or credited the U.S. Treasury amounts that total nearly 90 percent our FY 2011 appropriation -- a tremendous return on the taxpayers' investment.

FUTURE CHALLENGES

The Reports Consolidation Act of 2000 requires the Inspector General (IG) to determine key management and performance challenges facing the agency, and to assess our progress in addressing them. In 2011, the FTC management continues to face challenges in protection of personally identifiable and non-public information, information technology security, and the use of case management to target the most significant potential consumer protection and competition problems. Agency management agrees that these are critical challenges, and with the IG's assessment of our progress, as discussed in the Other Accompanying Information Section of this report (see p. 134).

As we look ahead, my fellow Commissioners, the FTC's staff, and I will continue to work with our partners and colleagues in the Congress, industry, and domestic and international law enforcement to protect American consumers and promote competition necessary to a recovering economy.

Jon Leibowitz

Jon Leibowitz
November 15, 2011

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Management's Discussion & Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

MISSION AND ORGANIZATION

The work of the Federal Trade Commission (FTC) is critical to protecting and strengthening free and open markets and promoting informed consumer choice, both in the United States (U.S.) and around the world. The FTC performs its mission through the use of a variety of tools, including law enforcement, rulemaking, research, studies on marketplace trends and legal developments, and consumer and business education.

The FTC's Vision

A U.S. economy characterized by vigorous competition among producers and consumer access to accurate information, yielding high-quality products at low prices and encouraging efficiency, innovation, and consumer choice.

The FTC's Mission

To prevent business practices that are anticompetitive or deceptive or unfair to consumers; to enhance informed consumer choice and public understanding of the competitive process; and to accomplish this without unduly burdening legitimate business activity.

The FTC: Our Purpose and History

Consumers and businesses are likely to be more familiar with the work of the FTC than they think. In the consumer protection area, the care labels in clothes, product warranties, or stickers showing the energy costs of home appliances illustrate information that is required by the FTC. Likewise, businesses must be familiar with the laws requiring truthful advertising and protecting consumers' personally identifiable information and sensitive health information. These laws are administered by the FTC.

Each year, more people around the globe have come to understand that the competition among independent businesses is good for consumers, the businesses themselves, and the economy. Competitive markets yield lower prices and better quality goods and services, and a vigorous marketplace provides the incentive and opportunity for the development of new ideas and innovative products and services. Many of the laws governing competition also are administered by the FTC.

The FTC has a long tradition of maintaining a competitive marketplace for both consumers and businesses. When the FTC was created in 1914, its purpose was to prevent unfair methods of competition in commerce as part of the battle to "bust the trusts." Over the years, the Congress passed additional laws giving the agency greater authority over anticompetitive practices. In 1938, the Congress passed a broad prohibition against "unfair and deceptive acts or practices." Since then, the FTC also has been directed to administer a wide variety of other consumer protection laws and regulations, including the Telemarketing Sales Rule, the Identity Theft Act, and the Equal Credit Opportunity Act.

Our Organization

The FTC is an independent agency that reports to the Congress on its actions. These actions include pursuing vigorous and effective law enforcement; advancing consumers' interests by sharing its expertise with federal and state legislatures and U.S. and international government agencies; developing policy and research tools through hearings, workshops, and conferences; and creating practical and plain-language educational programs for consumers and businesses in a global marketplace with constantly changing technologies.

THE FTC HISTORY AND LAWS

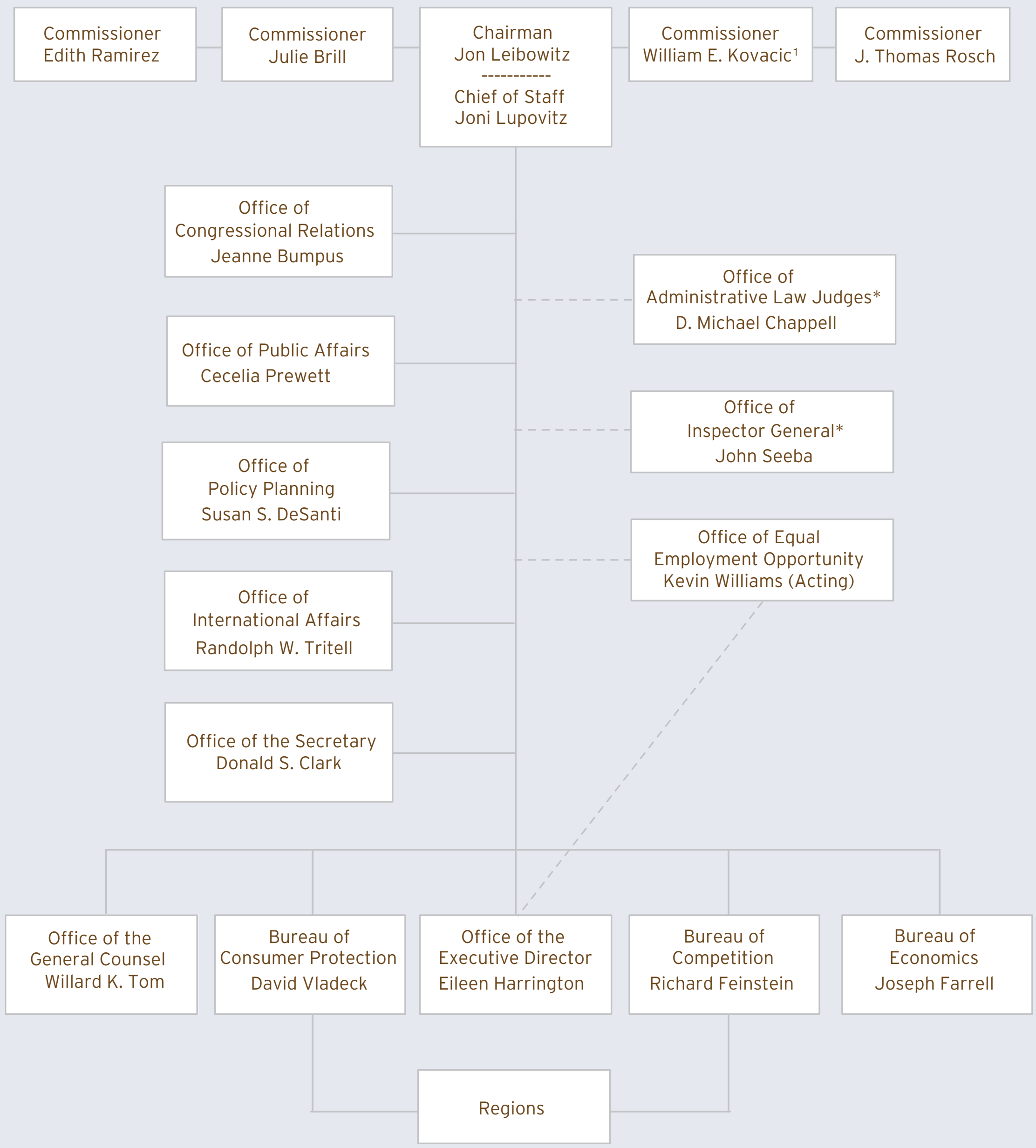
The Bureau of Corporations, created in 1903, was the FTC's predecessor agency. The change from the Bureau of Corporations to the FTC had its genesis in the Supreme Court's 1911 decision in the Standard Oil case (Standard Oil Co. v. U.S., 221 U.S. 1 (1911)). In the aftermath of that decision, the Congress decided to create an administrative agency that would be directed to prevent "unfair methods of competition;" to give definition to that general prohibition; to use a number of quasi-judicial powers to enforce that prohibition; and to enforce the Clayton Act. The FTC Act was later amended to prohibit unfair or deceptive acts or practices. The FTC currently has enforcement and administrative responsibilities under 46 laws. For a description of, and further information on, each law see www.ftc.gov/ogc/stats.shtm.

The FTC Commission, as of September 30, 2011: (left to right) Edith Ramirez, Commissioner; William E. Kovacic, Commissioner; Jon Leibowitz, Chairman; J. Thomas Rosch, Commissioner; Julie Brill, Commissioner.

The FTC is headed by a Commission composed of five commissioners, nominated by the President and confirmed by the Senate, each serving a seven-year term. The President chooses one commissioner to act as Chairman. No more than three commissioners can be from the same political party. Jon Leibowitz was designated to serve as Chairman of the FTC on March 2, 2009, by President Barack H. Obama. Leibowitz was previously sworn in as a commissioner on September 3, 2004, following his nomination by the President and confirmation by the U.S. Senate. At the end of the fiscal year, the commissioners were Julie Brill, William E. Kovacic, Edith Ramirez, and J. Thomas Rosch.

The FTC's mission is carried out by three bureaus: the Bureau of Consumer Protection, the Bureau of Competition, and the Bureau of Economics. Work is aided by offices, including the Office of General Counsel, the Office of Inspector General, the Office of International Affairs, the Office of the Executive Director, and seven regions.

Federal Trade Commission Organization Chart



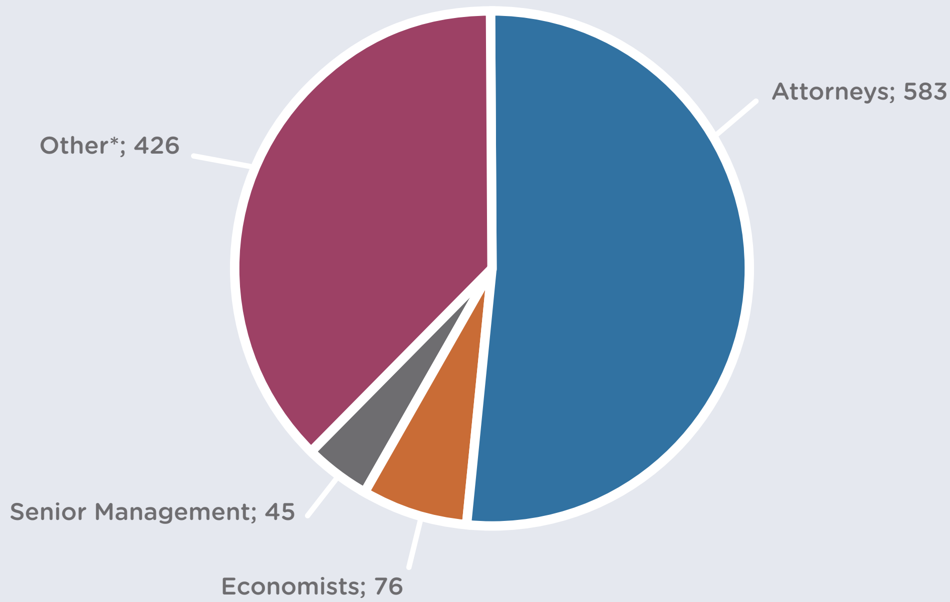
An independent organization within the FTC
[1]*Commissioner Kovacic left office on October 3, 2011*

The agency is headquartered in Washington, DC, and operates with seven regions across the U.S. The graphic below illustrates the locations of the FTC regions.

Our People

The FTC's workforce is its greatest asset. The agency's workforce consists of over 1,100 civil service employees dedicated to addressing the major concerns of American consumers. The chart below shows workforce composition by category.

FTC'S WORKFORCE COMPOSITION



*Other includes paralegal specialists, investigators, secretarial, and computer related occupations.

PERFORMANCE OVERVIEW

This section explains the FTC's strategic and performance planning framework and summarizes the key performance measures and efficiency measures reported in the Performance Section. The Performance Section contains details of program performance results, trend data by fiscal year, resources, strategies, factors affecting performance, and the procedures used to verify and validate the performance data. The financial data and performance results described in this report enable the FTC to administer its programs, gauge their success, and make adjustments necessary to improve program quality for the public. The steps the FTC has taken to ensure the performance information it reports is complete, accurate, and consistent are described in the Performance Section: Verification and Validation of Performance Data.

Strategic and Performance Planning Framework

PERFORMANCE MEASUREMENT METHODOLOGY

The FY 2011 performance planning framework originates from the FTC's FYs 2009 to 2014 Strategic Plan, available at www.FTC.gov/opp/gpra/spfy09fy14.pdf and is supported by the FTC's Performance Plan, available at http://www.ftc.gov/opp/gpra/2012_performance_plan.pdf.

The FTC began operating under this updated strategic plan in FY 2010. The FTC's work is structured around three strategic goals and 13 objectives. Performance measures are used to gauge the FTC's success for each objective. The table below describes each element in the performance framework.

Strategic Goals	Statements of long-term aims outlined in the Strategic Plan, which define how the agency carries out its mission.
Objectives	Statements of how the FTC plans to achieve the strategic goals.
Performance Measures	Indicators used to gauge success in reaching strategic objectives.
Key Measures	Measures that best indicate whether agency activities are achieving the desired outcome associated with the related objective.
Targets	Expressions of desired performance levels or specific desired results targeted for a given fiscal year. Targets are expressed in quantifiable terms.

STRATEGIC GOALS (Numbers shown in millons.)	OBJECTIVES
PROTECT CONSUMERS Prevent fraud, deception, and unfair business practices in the marketplace. **Gross Costs:** $169 **Less Earned Revenue:** ($14) **Net Costs:** $155	Identify fraud, deception, and unfair practices that cause the greatest consumer injury.
	Stop fraud, deception, unfairness, and other unlawful practices through law enforcement.
	Prevent consumer injury through education.
	Enhance consumer protection through research, reports, rulemaking, and advocacy.
	Protect American consumers in the global marketplace by providing sound policy and technical input to foreign governments and international organizations to promote sound consumer policy.
MAINTAIN COMPETITION Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace. **Gross Costs:** $129 **Less Earned Revenue:** ($92) **Net Costs:** $37	Take action against anticompetitive mergers and practices that may cause significant consumer injury.
	Prevent consumer injury through education.
	Enhance consumer benefit through research, reports, and advocacy.
	Protect American consumers in the global marketplace by providing sound policy recommendations and technical advice to foreign governments and international organizations to promote sound competition policy.
ADVANCE PERFORMANCE Advance the FTC's performance through organizational, individual, and management excellence. *Goal 3's costs are distributed to Goal 1 and Goal 2 predominately by Goal 1's and Goal 2's FTE usage, except for those non-pay costs that are clearly attributable to a specific goal.*	Provide effective human resources management.
	Provide effective infrastructure and security management.
	Provide effective information resources management.
	Provide effective financial and acquisition management.

Key Performance Measures and Efficiency Measures Overview

The FTC has established performance measures for assessing program performance against strategic goals and objectives. Of the 40 measures, 16 are considered "key" measures because they best indicate whether agency activities are achieving the desired outcome associated with the related objective. Additionally, four performance measures are considered efficiency measures because they are either ratios of outcomes to inputs or they capture administrative timeliness. For each measure, the FTC has established a performance target.

The following table summarizes actual performance during FY 2011 against established targets for all of the FTC's key performance and efficiency measures and provides a synopsis of related highlights. The table also includes actual results from the past two fiscal years. The FTC met or exceeded 15 of the 16 key measures and four of the four efficiency measures.

LEGEND FOR UPCOMING TABLES	
✔	Signifies that the target is met or exceeded
✖	Signifies that the target is not met

STRATEGIC GOAL 1: PROTECT CONSUMERS

Objective 1.1 Identify fraud, deception, and unfair practices that cause the greatest consumer injury

Key Measure 1.1.2 The percentage of the FTC's consumer protection law enforcement actions that target the subject of consumer complaints to the FTC. (Output Measure)

2011	**Target**	65.0% of actions	**PERFORMANCE HIGHLIGHTS** In December 2010, the FTC took legal action against a far-reaching Internet enterprise involving 61 corporations, known as iWorks, that allegedly lured consumers into "trial" memberships for bogus government-grant and money-making schemes, and then repeatedly charged them monthly fees, causing more than $274 million in consumer injury. The FTC's complaint alleges that this scheme has caused more than 500,000 consumers to seek chargebacks – reversals of charges to their credit cards or debits to their bank accounts.
	Actual	80.4% ✔	
2010	**Actual**	95.9% ✔	
2009	**Actual**	79.0% ✔	

Objective 1.2: Stop fraud, deception, unfairness, and other unlawful practices through law

Key Measure 1.2.1 The percentage of all cases filed by the FTC that were successfully resolved through litigation, a settlement, or issuance of a default judgment. (Outcome Measure)

2011	Target	75.0–85.0% of cases
	Actual	100.0% ✔
2010	Actual	99.2% ✔
2009	Actual	N/A

PERFORMANCE HIGHLIGHTS

The FTC finalized an order in January 2011 settling charges that The Dannon Company, Inc. exaggerated the health benefits of its Activia yogurt and DanActive dairy drink, two popular products that contain beneficial bacteria known as probiotics. Under the proposed administrative settlement announced in December, Dannon agreed to stop claiming that Activia relieves temporary irregularity, unless the representation is non-misleading and the ad conveys that eating three servings a day is required to obtain the benefit, or unless Dannon has competent and reliable scientific evidence that the benefit can be achieved from eating less than three servings a day. Dannon also agreed to stop claiming that DanActive or any yogurt, dairy drink, or probiotic food helps people avoid catching colds or the flu, unless the claim is approved by the Food and Drug Administration (FDA). Although companies usually do not need FDA approval of their health claims to comply with the FTC Act, the FTC determined in this case that requiring such approval will give Dannon clearer guidance going forward and help ensure that the company complies with the order.

Performance Measure 1.2.3: The percentage of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within six months (Efficiency Measure)

2011	Target	90.0% of cases
	Actual	100.0% ✔
2010	Actual	96.0% ✔
2009	Actual	N/A

PERFORMANCE HIGHLIGHTS

The agency returns funds to victims of fraud and scams following the successful prosecution of defendants that result in court-ordered judgments or settlements. For example, the FTC is mailing 450,177 refund checks worth almost $108 million to homeowners who were allegedly overcharged by Countrywide Home Loans, Inc. As part of the FTC's efforts to protect financially distressed homeowners, the FTC reached a settlement with Countrywide last year over allegations that the company collected excessive fees from borrowers who were struggling to keep their homes. The settlement order required Countrywide, which is now owned by Bank of America, to pay $108 million to be used for refunds and barred the company from taking advantage of borrowers who have fallen behind on their payments.

Objective 1.3: Prevent consumer injury through education

Key Measure 1.3.2 Customer satisfaction rate with an FTC consumer education website or microsite. (Outcome Measure)

2011	**Target**	Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index.
	Actual	Exceeded ✔
2010	**Actual**	Exceeded ✔
2009	**Actual**	N/A

PERFORMANCE HIGHLIGHTS

The FTC used the American Customer Satisfaction Index (ACSI) to measure how satisfied visitors to OnGuardOnline.gov are. Over 100 federal agencies use this survey to measure customer satisfaction. In FY 2011, OnGuardOnline.gov maintained an overall customer satisfaction score of 81, well above the benchmark score for government websites (74). The survey also allows the FTC to measure key website elements such as navigation, site information, look and feel, site performance and functionality. The OnGuardOnline.gov score for each of these elements was above the national benchmark for satisfaction. In addition, 73% of respondents said the site helped them do what they wanted and 56% said they learned something on the site that would change their online behavior in the future, a strong indication that the site is an effective and helpful tool for consumers.

Objective 1.4: Enhance consumer protection through research, reports, rulemaking, and advocacy

Key Measure 1.4.4 The percentage of proposed Administrative Procedure Act (APA) rulemakings, conducted solely by the FTC, completed within nine months of receipt of final comments in the Final Notice of Proposed Rulemaking. (Efficiency Measure)

2011	**Target**	75.0% of rulemakings
	Actual	83.3% ✔
2010	**Actual**	100.0% ✔
2009	**Actual**	N/A

PERFORMANCE HIGHLIGHTS

In December 2010, the FTC issued the Mortgage Assistance Relief Services Rule, which, as of January 31, 2011, bans mortgage relief companies from collecting fees until homeowners have received and accepted a written offer of mortgage relief from their lender or servicer. The Rule also requires mortgage relief companies to make certain disclosures and prohibits them from making false or misleading claims.

Objective 1.5: Protect American consumers in the global marketplace by providing sound policy and technical input to foreign governments and international organizations to promote sound consumer policy

Key Measure 1.5.1 Policy advice provided to foreign consumer protection and privacy agencies, directly and through international organizations, through substantive consultations, written submissions, or comments. (Output Measure)

2011	Target	40 policy inputs
	Actual	52 ✔
2010	Actual	64 ✔
2009	Actual	N/A

PERFORMANCE HIGHLIGHTS

Enhanced engagement with new and developing foreign consumer protection and privacy agencies, as well as participation in additional international organizations that are now working on consumer protection and privacy issues, has resulted in an increased demand for the FTC's policy advice. In FY 2011, the FTC provided policy advice over 50 instances through consultations, written submissions, or comments.

STRATEGIC GOAL 2: MAINTAIN COMPETITION

Objective 2.1: Take action against anticompetitive mergers and practices that may cause significant consumer injury

Key Measure 2.1.1 Actions to maintain competition, including litigated victories, consent orders, abandoned transaction remedies, restructured transaction remedies, or fix-it-first transaction remedies in a significant percentage of substantial merger and nonmerger investigations. (Outcome Measure)

Year		
2011	**Target**	40.0–60.0% of substantial investigations
2011	**Actual**	31.8% ✖
2010	**Actual**	40.0%[1] ✔
2009	**Actual**	N/A

PERFORMANCE HIGHLIGHTS

The FTC obtained a positive result in 14 of the 44 significant merger and nonmerger investigations it concluded during FY 2011.

On the merger side this includes successful second request or compulsory process investigations in matters involving crucial pharmaceuticals (Hikma Pharmaceuticals / Baxter International, Grifols / Talecris), acute care psychiatric hospitals and dialysis clinics (Universal Health Services / Psychiatric Solutions and DaVita / DSI Renal), specialized nuclear pharmacies (Cardinal Health, Inc. / Bio Tech Pharmacy, Inc.), manufacturing of industrial goods (Keystone / Compagnie de Saint-Gobain), and outlet shopping centers (Simon Property Group / Prime Outlets).

In addition, during FY 2011, the Commission issued two administrative complaints challenging hospital mergers it had reason to believe were anticompetitive. However, since these matters are still pending before an Administrative Law Judge, they are excluded from this measure, even though they represent a significant investment of agency resources.

On the nonmerger side, the FTC took action to protect consumers from price fixing by physicians, issuing an order prohibiting an association representing 900 physicians in the Amarillo, TX area from fixing the prices it charges insurance providers.

[1]This is a correction to results reported in the FY 2010 PAR. The results should have been based on 23 out of 58 cases, or 40%. The FY 2010 PAR reports actuals on 22 of 57 cases, or 39%.

Performance Measure 2.1.4 Consumer savings of at least six times the amount of FTC resources allocated to the merger program. (Efficiency Measure)			
2011	Target	600.0%	**PERFORMANCE HIGHLIGHTS** During FY 2011, the agency saved consumers approximately 14 times the amount of resources devoted to the merger program, as calculated using the five-year average consumer savings obtained under Performance Measure 2.1.2 ($531.5 million) divided into the amount of resources used on the merger program.
	Actual	1,417.3% ✔	
2010	Actual	1,670.0% ✔	
2009	Actual	2,132.0% ✔	

Performance Measure 2.1.7 Consumer savings of at least four times the amount of FTC resources allocated to the nonmerger program. (Efficiency Measure)			
2011	Target	400.0%	**PERFORMANCE HIGHLIGHTS** During FY 2011, the agency saved consumers approximately 19 times the amount of resources it devoted to the nonmerger enforcement program, as calculated using the five-year average consumer savings obtained under Performance Measure 2.1.5 ($444.9 million) divided into the amount of resources used on the nonmerger program. This result is largely attributable to the consumer savings from one particular case in FY 2010 that involved Intel Corporation.
	Actual	1,917.7% ✔	
2010	Actual	2,418.0% ✔	
2009	Actual	1,035.0% ✔	

Objective 2.2: Prevent consumer injury through education

Key Measure 2.2.1 Competition resources accessed via the FTC's website. (Output Measure)

2011	Target	10.0 million hits	
	Actual	22.6 ✔	
2010	Actual	21.5 ✔	
2009	Actual	11.9 ✔	

PERFORMANCE HIGHLIGHTS

The FTC continued to develop competition related content to better serve the interest of its stakeholders, whether they are individual consumers, affected businesses, researchers, or practitioners and policy makers. During FY 2011, the FTC's online competition resources registered nearly 23 million hits from external sources. These resources include pages that relate to individual investigations (such as complaints, orders, comments, and press releases), policy and research oriented content (such as reports, policy guides and fact sheets, workshop or conference web pages, the online competition enforcement database, advocacy filings, and amicus briefs), and business and consumer education material.

Objective 2.3: Enhance consumer benefit through research, reports, and advocacy

Key Measure 2.3.1 Workshops, seminars, conferences, and hearings convened or cosponsored that involve significant competition-related issues. (Output Measure)

2011	Target	4 workshops, seminars, conferences, and hearings
	Actual	4 ✔
2010	Actual	6 ✔
2009	Actual	8 ✔

PERFORMANCE HIGHLIGHTS

The FTC devotes resources to the organization of workshops, conferences, and hearings to foster an environment of discussion and analysis of the hot-topic issues that relate to competition. Of particular note, during FY 2011, the FTC convened two workshops on the legal issues raised by Accountable Care Organizations (ACOs). The first workshop addressed and solicited public comments on the various ACO models being considered by health care providers, while the second workshop was designed to seek input on the Proposed Statement of Antitrust Enforcement Policy, which discusses how the federal antitrust agencies will enforce U.S. antitrust laws when competing health care providers create new ACOs under the Affordable Care Act of 2010.

Key Measure 2.3.2 Reports and studies issued on key competition-related topics. (Output Measure)			
2011	**Target**	8 reports and studies	**PERFORMANCE HIGHLIGHTS** Studying and issuing reports on the nation's crucial economic sectors is a key component of the FTC's competition related strategic objective. During FY 2011, the agency issued a final report on authorized generic drugs showing how when pharmaceutical companies introduce an authorized generic version of their brand-name drug, it can reduce both retail and wholesale drug prices. In addition, the FTC issued a Bureau of Economics staff report examining trends in the petroleum industry and how they have affected gasoline prices between 2005 and early 2011. The report concludes that while a broad range of factors influence the price of gasoline, worldwide crude oil prices continue to be the main driver of what Americans pay at the pump.
	Actual	11 ✔	
2010	**Actual**	9 ✔	
2009	**Actual**	20 ✔	

Key Measure 2.3.3 Advocacy comments and amicus briefs on competition issues filed with entities including federal and state legislatures, agencies or courts. (Output Measure)			
2011	**Target**	6 comments and briefs	**PERFORMANCE HIGHLIGHTS** In FY 2011, the FTC and staff filed advocacy comments on a wide range of competition issues including, for example, cooperative agreements among health care providers, pharmacy benefit plans, the sale of optical goods, health care provider scope of practice, and electricity competition issues. The FTC also filed an amicus brief in the U.S. Court of Appeals for the Third Circuit, arguing that pay-for-delay settlements should be treated as presumptively unlawful under the antitrust laws.
	Actual	16 ✔	
2010	**Actual**	17 ✔	
2009	**Actual**	N/A	

Objective 2.4: Protect American consumers in the global marketplace by providing sound policy recommendations and technical advice to foreign governments and international organizations to promote sound competition policy

Key Measure 2.4.1 Policy advice provided to foreign competition agencies, directly and through international organizations, through substantive consultations, written submissions, or comments. (Output Measure)

2011	Target	40 policy inputs	**PERFORMANCE HIGHLIGHTS** The FTC's policy advice continues to grow as a result of the increasing number of jurisdictions enforcing competition laws, the FTC's participation in international organizations, and the FTC's growing engagement with key jurisdictions such as China, India, Mexico, and Brazil. In FY 2011, the FTC provided policy advice to foreign competition agencies in over 100 instances through consultations, written submissions, or comments.
	Actual	112 ✔	
2010	Actual	76 ✔	
2009	Actual	N/A	

STRATEGIC GOAL 3: ADVANCE PERFORMANCE

Objective 3.1: Provide effective human resources management

Key Measure 3.1.2 The extent employees think the organization has the talent necessary to achieve organizational goals. (Outcome Measure)

2011	Target	Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index	**PERFORMANCE HIGHLIGHTS** The Federal Human Capital Survey includes 84 questions that measure how effectively agencies manage their workforces. The FTC was at least five points higher than the government-wide average on 59 of the 84 questions, and did not fall more than five points below the government-wide average on any question. In Talent Management, the government-wide results were 60% and the FTC received 70%, which is second place compared to 37 other departments and agencies with more than 1,000 full-time employees.
	Actual	Exceeded ✔	
2010	Actual	Exceeded ✔	
2009	Actual	N/A	

Objective 3.2: Provide effective infrastructure and security management

Key Measure 3.2.1 A favorable Continuity of Operations (COOP) rating. (Output Measure)

2011	Target	75.0% rating	**PERFORMANCE HIGHLIGHTS** The agency's COOP efforts establish a viable, tested infrastructure to sustain agency operations and provide a safe and secure environment for staff during an emergency. In FY 2011, the FTC's received a grade of 75% for the "Eagle Horizon" COOP program. While this grade meets the target, the result is lower than last year's result. The difference is primarily due to challenges the agency encountered trying to meet a new program requirement to move network processes to an offsite computer facility. This disaster recovery related effort is intended to ensure the agency's continued support of the American consumer despite the availability of a specific building. To address this requirement, the agency will continue to look at possible cloud computing options that will meet disaster recovery needs specific to the FTC.
	Actual	75.0% ✔	
2010	Actual	85.0% ✔	
2009	Actual	N/A	

Key Measure 3.2.2 Availability of information technology systems. (Outcome Measure)

2011	Target	98.50% system availability	**PERFORMANCE HIGHLIGHTS** Ensuring that the agency has optimal information technology infrastructure operations and performance is key to meeting the agency's business goals. To monitor the reliability and availability of information technology services, the agency tracks unplanned outage periods of almost 30 critical services including enterprise-wide custom applications and systems, BlackBerry servers, Internet/Intranet, email, and telecommunications. In FY 2011, this information technology services pool averaged 99.82% availability, exceeding the target.
	Actual	99.82% ✔	
2010	Actual	99.77%[2] ✔	
2009	Actual	N/A	[2]This is a correction to results reported in the FY 2010 PAR, which showed the results for the final quarter of the fiscal year, or 99.86%, and not cumulative results.

Objective 3.3: Provide effective information resources management

Key Measure 3.3.1 The percentage of Commission-approved documents in ongoing and newly initiated the FTC proceedings available via the Internet within 15 days of becoming part of the public record. (Output Measure)

Year		
2011	Target	75.0% rating
	Actual	82.0% ✔
2010	Actual	93.8% ✔
2009	Actual	N/A

PERFORMANCE HIGHLIGHTS

Making public documents easily available on the public FTC website in a timely manner increases public awareness of the FTC's activities. Examples of public documents approved by the FTC and placed on the website include (1) complaints and FTC opinions and orders filed in adjudicative proceedings; (2) Federal Register notices in rulemaking, guide issuance, consent agreement, and other proceedings in which the FTC solicits public comments; (3) reports by the FTC and its staff; (4) advocacy filings; (5) final consent orders and accompanying complaints; and (6) FTC complaints, briefs, and proposed orders filed in federal court litigation.

In FY 2011, the agency posted 82% of documents tracked under this measure on the FTC's public website within 15 days of becoming part of the public record.

Objective 3.4: Provide effective financial and acquisition management

Key Measure 3.4.2 The percentage of Bureaus/Offices that establish and maintain an effective, risk-based internal control environment. (Outcome Measure)

Year		
2011	Target	100.0%
	Actual	100.0% ✔
2010	Actual	N/A
2009	Actual	N/A

PERFORMANCE HIGHLIGHTS

The Statements of Assurance submitted by the agency's major components provide the basis for measuring the effectiveness of the agency's risk-based internal control environment. Based on these Statements of Assurance and two additional internal reviews conducted in accordance with the agency's Internal Control Review Plan, 100% of the major components establish and maintain an effective, risk-based internal control environment.

Performance Measures Summary

The Performance Measure Summary Table in the Performance section of this report shows actual results for all performance measures and shows unit of measure. Of the 40 total performance measures, 27 were exceeded, 8 were met, 4 were not met, and results are not available for one. Based on these results, the FTC has made significant progress toward reaching its objectives, as fully described in the Performance Section.

AGENCY MISSION CHALLENGES

The FTC stands prepared to face the challenges of today's marketplace as a champion for consumers and competition. As a small law enforcement agency with a broad mandate, many of the FTC's challenges are defined by the conditions of the marketplace, and thus are ever changing. For example, as consumers and businesses encounter difficulties with financial scams, deceptive or fraudulent advertising, online privacy and data security, and anticompetitive business practices in the technology, health care and other industries, the FTC steps forward to protect consumers and maintain competition. Agency management has identified significant mission challenges in Strategic Goal 1 (Protect Consumers) and Strategic Goal 2 (Maintain Competition). Management's identification was performed separately from the Inspector General's (IG) assessment of management and performance challenges (see the Other Accompanying Information Section). However, because management concurs with the IG assessment, certain aspects of the challenges described below are also addressed by the IG. Agency mission challenges are presented below as they relate to the agency's strategic goals. A reference to the most applicable strategic objectives is also provided so that readers may refer to descriptions of related performance targets and actual results listed by objective within the Performance Section.

Strategic Goal 1: Protect Consumers: Prevent Fraud, Deception, and Unfair Business Practices in the Marketplace

Under the Protect Consumers goal, the FTC will continue to give priority to addressing the following challenges: protecting consumers in a troubled economy, protecting consumer privacy and improving data security, stopping harmful uses of technology, promoting compliance in new media, protecting vulnerable Americans from fraud, combating identity theft, targeting deceptive advertising affecting consumers' health, protecting children in the marketplace, and evaluating environmental marketing claims.

PROTECTING CONSUMERS IN A TROUBLED ECONOMY:

As more consumers face financial challenges, fraud operators have seized upon new schemes to take advantage of those most affected by the economic downturn. The FTC targets illegal practices in the financial services arena, especially schemes directed at financially distressed consumers. The FTC will continue to use the tools and legalauthorities available to it to protect consumers in the financial services marketplace. Agency law enforcement actions will target deceptive, unfair, and other illegal practices involving mortgage advertising, servicing, lending, and other financial services. These practices can have severe consequences for consumers, including unanticipated high-cost mortgages, ruined credit histories, and loss of their homes. The FTC will work to combat financial frauds by targeting foreclosure "rescue" and loan modification scams; enforcing debt relief services amendments to the Telemarketing Sales Rule; enforcing the new Mortgage Assistance Relief Services Rule (which protects struggling homeowners from mortgage relief scams) and the new rule banning deceptive mortgage advertising practices; and targeting payday lenders, credit repair outfits, and other non-traditional creditors that are violating statutes the FTC enforces. The agency also will fight deceptive and abusive debt collection practices. In addition, the FTC will continue to gather information on the consumer protection issues related to buying or leasing motor vehicles. Further, the FTC will coordinate with the Consumer Financial Protection Bureau to ensure that consumers are protected in the financial marketplace and to avoid any duplicative efforts between the agencies. The FTC also will work to protect vulnerable consumers from deceptive work-at-home, get-rich-quick, and related schemes, including promises of non-existent jobs and promotion of phony government grants. The FTC will continue to respond to growing challenges in these arenas. (Objectives 1.1, 1.2, 1.3, and 1.4)

PROTECTING CONSUMER PRIVACY AND IMPROVING DATA SECURITY:

The FTC will continue to take a leading role in efforts to protect consumers from unfair, deceptive, or other illegal practices related to their privacy. The agency will stop unfair and deceptive consumer privacy and security practices through law enforcement, and promote stronger privacy protections through policy initiatives. Most notably, the FTC will issue a final report on protecting consumer privacy. The FTC will also participate in interagency groups, provide technical assistance to Congress on draft legislation, and participate in international privacy events. The National Do Not Call (DNC) Registry puts consumers in charge of the telemarketing calls they receive at home. The FTC created the Registry to make it easier and more efficient for consumers to stop unwanted telemarketing calls. Though most entities covered by the DNC Rule comply, the FTC has received millions of complaints alleging DNC violations, and the FTC's challenge is to ensure that consumers who register their numbers are protected from receiving unwanted telemarketing calls, including "robocalls" that deliver prerecorded telemarketing messages, by vigorously enforcing the DNC Rule. (Objectives 1.1, 1.2, 1.3, and 1.4)

STOPPING HARMFUL USES OF TECHNOLOGY:

Technology provides countless benefits to consumers, including choice, convenience, and increased access to goods, services, and information. It also enables, however, new vehicles for fraudulent, deceptive, and unfair practices in the marketplace. If consumers are not adequately protected, not only can they suffer economic injury, but they may lose confidence in these new technologies. To respond to these challenges, the FTC will examine malware and spyware threats to mobile devices, promote technologies to protect consumers online, and target online and mobile threats for enforcement, including mobile spam, deceptive and unfair apps, and malware distributed through social networks. (Objectives 1.1, 1.2, 1.3, and 1.4)

PROMOTING COMPLIANCE IN NEW MEDIA:

As new media open new avenues for companies to communicate with consumers, the FTC's challenge is to promote compliance. The agency will conduct outreach to businesses that engage in social network, mobile, and affiliate marketing, stressing that existing advertising principles apply to new media and methods of marketing. The FTC will also monitor the marketplace and initiate investigations where appropriate. (Objectives 1.1, 1.2, 1.3, and 1.4)

PROTECTING VULNERABLE AMERICANS FROM FRAUD:

Frauds such as those offering health insurance or income opportunities through jobs, investment, government grants, or other scams continue to affect the poor and underserved communities, and the FTC will continue to combat such frauds. It also will combat fraud targeting seniors, and examine ways to better assist older victims. (Objectives 1.1, 1.2, 1.3, and 1.4)

COMBATING IDENTITY THEFT:

Identity theft exacts a heavy financial and emotional toll from its victims, and the FTC will continue to assist the millions of Americans who are victimized each year. The agency will publicize its victim assistance guide for pro-bono attorneys, train local law enforcement to spot and prosecute identity theft, and update educational materials to address new and emerging issues, such as medical and children's identity theft. (Objectives 1.1, 1.2, 1.3, and 1.4)

TARGETING DECEPTIVE ADVERTISING AFFECTING CONSUMERS' HEALTH:

Consumers can fall prey to fraudulent health advertising when they are desperate for help. The FTC, therefore, will continue to challenge deceptive advertising of health products. The agency will focus on disease prevention and treatment claims; claims aimed at baby boomers, seniors, and the uninsured; and claims exploiting emerging health threats. (Objectives 1.1, 1.2, 1.3, and 1.4)

THE FTC STEPS UP EFFORTS AGAINST SCAMS THAT TARGET FINANCIALLY-STRAPPED CONSUMERS

In March 2011, the FTC announced Operation Empty Promises, a multi-agency initiative targeting job scams, business opportunity fraud, and bogus work-at-home opportunities. The sweep involved 90 enforcement actions brought by federal and state law enforcement agencies.

The FTC charged Ivy Capital, Inc. and 29 others with taking more than $40 million from consumers by falsely claiming that their products and services would help consumers start their own Internet businesses. The agency also filed a complaint against National Sales Group, alleging that the defendants deceived consumers into paying for their employment goods and services by creating a false impression that they were hiring workers themselves, or were recruiters affiliated with potential employers. The FTC alleged that these defendants caused nearly $8 million in consumer injury. In February 2011, the FTC obtained orders against Ivy Capital and National Sales Group that temporarily halted the unlawful practices, froze assets, and appointed receivers to take control of the corporate defendants.

For more information, visit www.ftc.gov/opa/2011/03/emptypromises.shtm.

PROTECTING CHILDREN:

The FTC will continue to protect children and teens from deceptive and unfair practices, as well as continue to monitor and encourage self-regulatory efforts regarding advertising to children and teens. The agency recently proposed amendments to the Children's Online Privacy Protection Act (COPPA) Rule, which requires website operators to obtain verifiable parental consent before collecting personal information from children under 13 years old. Agency staff is assessing business practices involving new technologies, including mobile applications, to determine whether they are conducted in accordance with the COPPA rule. At the direction of Congress, the FTC, the Food and Drug Administration, the Centers for Disease Control and Prevention, and the U.S. Department of Agriculture issued for public comment a proposed set of voluntary principles that can be used by industry as a guide for marketing food to children. The agencies will consider comments submitted by interested parties as they further develop and refine final recommendations as required by the Congress. Also, the FTC will issue a report in late 2011 or early 2012, following up on its 2008 report to the Congress, regarding industry expenditures and activities to market food to children and adolescents. In the alcohol advertising arena, the FTC plans to propose improvements to self-regulatory standards, continue the We Don't Serve Teens campaign, bring enforcement actions targeting unfair or deceptive practices, and issue another report to the Congress on self-regulation. Further, the agency will monitor the marketing of violent entertainment to children and the ability of teens under age 17 to purchase age-restricted violent products. (Objectives 1.1, 1.2, 1.3, and 1.4)

EVALUATING ENVIRONMENTAL MARKETING CLAIMS:

Green claims, such as claims for carbon reduction, landfill reduction, and sustainable materials and packaging, have increased in popularity. These claims can provide extremely useful information to consumers; however, the complexity of the issues involved creates the potential for confusing, misleading, and fraudulent claims. In October 2010, the FTC proposed revisions to the "FTC Guides for the Use of Environmental Marketing Claims," commonly known as the Green Guides. The FTC is considering public comments on the proposed changes and will decide which changes to make final. The agency also will bring cases and law enforcement sweeps to address deceptive environmental marketing claims, working where possible with state and local partners. (Objectives 1.1, 1.2, 1.3, and 1.4)

SERVING HISPANIC AND AFRICAN-AMERICAN POPULATIONS:

The FTC has conducted fraud surveys showing that Hispanic and African-American consumers are more likely to be victims of fraud than other demographic groups. The FTC will continue to aggressively combat consumer fraud against Hispanic and African-American consumers. The agency will tailor its consumer education messages to different groups, and focus and strengthen its strategic partnerships. (Objectives 1.1, 1.2, 1.3, and 1.4)

Strategic Goal 2: Maintain Competition: Prevent Anticompetitive Mergers and Other Anticompetitive Business Practices in the Marketplace

Under the Maintain Competition goal, the FTC will continue to give priority to the challenges of promoting competition and preventing anticompetitive activity in the health care and pharmaceutical industries, high technology sectors, and energy industries. The agency will also work on promoting sound competition policy at the international level and advocating for competition before the U.S. courts, legislatures, and government agencies.

PROMOTING COMPETITION AND PREVENTING ANTICOMPETITIVE ACTIVITY IN THE HEALTH CARE AND PHARMACEUTICAL INDUSTRIES:

The rapidly rising cost of health care, which continues to account for an increasingly significant share of the gross domestic product, is a matter of concern for consumers, employers, insurers, and the nation as a whole. To ensure that consumers receive the benefits of competition in health care, the FTC has made antitrust enforcement in this area a priority. Pay-for-delay patent settlement agreements between brand and generic drug manufacturers to delay generic competition are causing consumers significant harm because they deprive consumers of access to lower cost generic drugs. According to FTC economists, these anticompetitive deals, unless stopped, will cost consumers $35 billion over ten years. When appropriate, the FTC investigates and challenges anticompetitive patent settlements between brand and generic companies and supports legislation to eliminate this problem. The agency also addresses rising prescription drug prices by monitoring and, when appropriate, challenging pharmaceutical and medical device company mergers. In addition, the FTC stops anticompetitive agreements between physicians and hospital service organizations and monitors hospital and other mergers that may raise the cost of health care. The agency engages in efforts to educate health care providers about antitrust law to prevent groups of providers from creating and exercising market power, which undermines efforts to improve quality and control costs. The FTC focuses these education efforts so that misunderstandings about the law do not deter potentially beneficial collaborations among health care competitors. The Affordable Care Act of 2010 encourages healthcare providers to create integrated health care delivery systems called Accountable Care Organizations to improve the quality of care and lower health care costs. The FTC and the Antitrust Division of the Department of Justice recently issued guidelines explaining how the agencies would enforce the antitrust laws with regard to ACOs so that the antitrust laws will not be perceived as a barrier to bona fide collaboration to improve healthcare and reduce costs. The agencies will continue to evaluate competitive concerns about ACO formation and conduct, and take any enforcement action necessary to protect consumers. (Objectives 2.1, 2.2, and 2.3)

PROMOTING COMPETITION AND PREVENTING ANTICOMPETITIVE BUSINESS PRACTICES IN HIGH TECHNOLOGY SECTORS:

The continuing importance of technology is a crucial marketplace challenge that is placing greater demands on antitrust enforcement. The FTC's antitrust investigations increasingly involve high-technology sectors of the economy. In enforcing the antitrust laws, the FTC analyzes mergers and acquisitions filed under the Hart-Scott-Rodino (HSR) Act, and also monitors the industry for non-reportable transactions that might raise antitrust concerns. The FTC endeavors to take action against those mergers that are likely to reduce or eliminate competition in the high technology sector. The FTC is particularly vigilant where a firm may be illegally using a dominant market position to stifle competition and strengthen an existing monopoly in order to raise prices, reduce the quality or choice of goods and services, or reduce innovation. Furthermore, issues in antitrust matters increasingly intersect with intellectual property concerns, raising difficult questions about how to harmonize these two bodies of law. (Objective 2.1 and 2.3)

ACCOUNTABLE CARE ORGANIZATIONS AND ANTITRUST

The Federal Trade Commission held two workshops examining the practical and antitrust implications of Accountable Care Organizations (ACOs), organizations authorized by the new Affordable Care Act that seek to deliver high-quality and efficient health care services to consumers.

In the first workshop, co-hosted by the Federal Trade Commission, the Centers for Medicare and Medicaid Services (CMS) and the Department of Health and Human Services' Office of Inspector General, the agencies involved addressed and solicited public comments on the legal issues raised by various ACO models being considered by health care providers, while in the second workshop. To learn more, visit www.ftc.gov/opp/workshops/aco/index.shtml.

In May 2011, the Federal Trade Commission held a second workshop seeking input on the Proposed Statement of Antitrust Enforcement Policy, which discusses how the federal antitrust agencies will enforce U.S. antitrust laws when competing health care providers create new ACOs under the Affordable Care Act of 2010. To learn more, visit www.ftc.gov/opp/workshops/aco2/index.shtml.

PROMOTING COMPETITION AND PREVENTING ANTICOMPETITIVE ACTIVITY IN ENERGY INDUSTRIES:

The price of gasoline and other energy sources continues to be a great concern for consumers, businesses, and governments. The agency addresses this concern by closely monitoring gasoline markets and moving quickly to address any anticompetitive merger or nonmerger activity. Through its review of HSR merger filings and investigation of non-reportable transactions, the FTC protects consumers in these markets. The FTC also continuously examines price movements and other activity through its Gasoline and Diesel Price Monitoring Project to identify any conduct that may not reflect purely competitive decisions based on the forces of supply and demand. In FY 2011, the FTC issued a new report on the factors that influence the prices that American consumers pay for gas. This report, which is an update of two earlier reports on the energy industry, shows that the price of oil is still the most important factor. The FTC uses its enforcement authority to search for anticompetitive nonmerger activity such as illegal agreements among competitors, monopolization, and other anticompetitive activities. To prepare and support agency staff in meeting these challenges, the FTC devotes considerable resources to monitoring and studying energy markets—often in response to congressionally mandated requirements—thus developing the professional expertise and body of knowledge needed to address emerging concerns. The FTC continues to investigate whether certain oil producers, refiners, transporters, marketers, physical or financial traders, or others (1) have engaged in practices, including manipulation, that have lessened or may lessen competition in the production, refining, transportation, distribution, or wholesale supply of crude oil or petroleum products; or (2) have provided false or misleading information related to the wholesale price of crude oil or petroleum products to a federal department or agency. Such actions could violate Section 5 of the FTC Act, the Commission's Prohibition of Energy Market Manipulation Rule, or Section 811 or Section 812 of the Energy Independence and Security Act of 2007. (Objectives 2.1 and 2.3)

ADVOCACY AND COMPETITION POLICY:

As part of its mission, the FTC promotes sound competition policy through advocacy and policy initiatives. In June 2011, the Commission hosted a workshop addressing legal and policy issues relating to intellectual property rights in the context of industry standard setting activities. This followed the Commission's March 2011 issuance of a report recommending improvements to two areas of patent law: policies affecting how well a patent gives notice of what technology is protected and remedies for patent infringement. In addition, the FTC advises other government agencies on competition policy. For example, in FY 2011, the FTC submitted eight advocacy comments addressing state legislative proposals on health care related issues ranging from restricting services that non-physician health care specialists may provide, to creating antitrust law exemptions for certain types of health care collaborations among providers. Finally, the FTC promotes convergence toward sound consumer welfare based competition enforcement and policy internationally, both through multilateral organizations such as the International Competition Network and the Organization for Economic Cooperation and Development and through bilateral engagement with its enforcement counterparts. (Objectives 2.2, 2.3, and 2.4)

MANAGEMENT ASSURANCES

(On Internal Controls, Financial Systems, and Compliance with Laws and Regulations)

IMPLEMENTATION OF THE FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA) AT THE FTC

The FTC considers internal controls to be an integral part of all systems and processes that the agency utilizes in managing its operations and carrying out activities toward achieving strategic goals and objectives. The FTC holds agency managers accountable for efficiently and effectively performing their duties in compliance with applicable laws and regulations and for maintaining the integrity of their activities through the use of controls.

The FTC's Senior Assessment Team (SAT) provides strategic direction and oversight over the agency's internal control program, to promote and facilitate compliance with applicable guidance (e.g., Office of Management and Budget [OMB] Circular A-123, "Management's Responsibility for Internal Control"), and communicates the results of reviews to senior management and the head of the agency.

Some of the functions of the SAT are developing and documenting an internal control review plan, identifying key processes and related control activities, performing a preliminary risk assessment of such processes, reviewing and assessing the overall control environment, ensuring timely implementation of any corrective actions needed to address identified weaknesses, and establishing guidance for program managers in monitoring and assessing management controls within their areas of responsibility.

During FY 2011, the SAT updated guidance for program managers to use in completing self-assessments of the processes and controls within their areas of responsibility. Senior managers throughout the agency completed self-assessments that disclosed no significant control weaknesses. The SAT evaluated the results of the managers' assessments and concurred that no material weaknesses or nonconformances were identified. The results of these evaluations and other information—such as independent audits or reviews performed by the Office of Inspector General (OIG) and the Government Accountability Office (GAO) (e.g., Federal Information Security Management Act [FISMA] review), independent audits of service providers' operations and financial systems (e.g., reviews conducted in accordance with Statement on Standards for Attestation Engagements (SSAE) No. 16), internal analyses, and other relevant evaluations and control assessments—were considered by the SAT and the agency head in determining whether there are any management control deficiencies or nonconformances that must be disclosed in the annual assurance statement.

In FY 2011, the FTC continued to follow its Internal Control Review Plan established in FY 2010 to conduct internal control reviews of agency bureaus and offices at least once every three years. The objective of the reviews is to assist management in identifying high-risk areas and implement appropriate risk management strategies where necessary. Two additional reviews were conducted this year. The Chairman's assurance statement that follows is supported by the processes and reviews described above, which were carried out in FY 2011. Management assurances tables appear in the Other Accompanying Information Section.

CHAIRMAN'S FMFIA STATEMENT OF ASSURANCE

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

THE CHAIRMAN

CHAIRMAN'S FMFIA STATEMENT OF ASSURANCE

The Federal Trade Commission's (FTC) management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

In accordance with the requirements of the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, the FTC conducted its annual assessment of the effectiveness of the organization's internal controls to support effective and efficient programmatic operations, reliable financial reporting, and compliance with applicable laws and regulations; and whether the financial management system conforms to applicable financial systems requirements.

Based on the results of this assessment, the FTC provides reasonable assurance that its internal controls over the effectiveness and efficiency of operations, reliable financial reporting and compliance with applicable laws and regulations as of September 30, 2011, were operating effectively and that no material weaknesses were found in the design or operation of our internal controls. Some reporting officials identified areas for improvement in their individual assessments, which are being addressed internally and are not of a material nature.

Further, based on our assessment, we determined that the FTC financial management system conforms to applicable financial systems requirements.

Signed Jon Leibowitz
Jon Leibowitz
November 10, 2011

SUMMARY OF MATERIAL WEAKNESSES AND NONCONFORMANCES

As noted in the Chairman's FMFIA Statement of Assurance, the FTC has no material weaknesses or nonconformances to report for FY 2011. No new material weaknesses or significant nonconformances were identified for the past five years, nor were there any existing unresolved weaknesses requiring corrective action.

FEDERAL INFORMATION SECURITY MANAGEMENT ACT (FISMA)

As mandated by FISMA, the agency continues to maintain an information security program to manage information technology National Institute of Standards and Technology (NIST) requirements. Continuous monitoring is one of many approaches that the FTC employs to protect agency information systems and the data that is collected, stored, and transmitted during the course of business. The Office of the Chief Information Officer (OCIO) has strengthened its continuous monitoring program by participating in the following Comprehensive National Cybersecurity Initiatives:

- Trusted Internet Connection. The FTC has contracted with a Managed Trusted Internet Protocol Service provider to reduce external access points, establish baseline security capabilities, and validate agency adherence to those security capabilities.
- EINSTEIN 2. The FTC participates in the Department of Homeland Security EINSTEIN 2 program that deploys signature-based sensors capable of inspecting Internet traffic entering federal systems for unauthorized accesses and malicious content.

Additionally, the OCIO has created a robust, repeatable change control process that uses automated tools to audit, monitor, and report changes made to critical the FTC information systems. Furthermore, the FTC has performed a certification and accreditation on its new Data Center, and has authorized that facility to operate as required by NIST.

DEBT COLLECTION IMPROVEMENT ACT

The Debt Collection Improvement Act of 1996 prescribes standards for the administrative collection, compromise, suspension, and termination of federal agency collection actions and referrals to the proper agency for litigation. Although the act has no material effect on the FTC because the agency operates with minimal delinquent debt, all debts more than 180 days old have been transferred to the U.S. Department of the Treasury for cross-servicing. In addition, recurring payments were processed by Electronic Funds Transfer (EFT) in accordance with the EFT provisions of the Debt Collection Improvement Act.

PROMPT PAYMENT ACT

The Prompt Payment Act requires federal agencies to make timely payments to vendors, including any interest penalties for late invoice payments. In FY 2011, the FTC processed 11,437 invoices totaling nearly $87 million that were subject to prompt payment. Of these invoices, 97 percent were paid on time. During FY 2011, the FTC paid a total of $10,830 in interest penalties, or .01 percent of the total dollar amount invoiced.

AGENCY FINANCIAL MANAGEMENT SYSTEMS STRATEGY

The FTC's overall strategy for its financial management systems framework is driven by the objectives of operational effectiveness and efficiency, reliability and timeliness of data and support of requirements of the agency's strategic goals. The agency continues to work with its shared service provider in enhancing its Core Financial System (CFS) and the related feeder systems and business processes. In FY 2011, the FTC migrated from its client-server based legacy procurement system to the most recent web-based version of the application.

The FTC also plans to fully integrate its procurement system with its CFS. Such integration will strengthen internal controls, improve efficiency of the procurement process, and provide agency staff with timely information regarding budget execution and the availability of funds.

Other future financial management system plans include upgrading its Oracle-based CFS to Release 12, which will provide operational efficiencies through a new centralized rules-based accounting engine.

FINANCIAL HIGHLIGHTS

Introduction

The financial highlights presented below are an analysis of the information that appears in the FTC's FY 2011 financial statements. The agency's financial statements, which appear in the Financial Section of this report, are audited by an independent accounting firm. The FTC management is responsible for the fair presentation of information contained in the principal financial statements. The financial statements and financial data presented below have been prepared from the agency's accounting records in accordance with Generally Accepted Accounting Principles (GAAP). GAAP for federal agencies are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB). For the 15th straight year, the FTC is proud to have received an unqualified (clean) opinion on our Audited financial statements. The chart below presents a snapshot of the changes in key financial statement line items that occurred during FY 2011 and is followed by an explanation of the more significant fluctuations in each of FTC's financial statements.

Differences between amounts presented in this section and the financial statements are due to rounding.

CONDENSED BALANCE SHEET (Dollars shown in thousands)	FY 2011	FY 2010	Percentage Change
Assets:			
Fund Balance with Treasury	$ 112,225	$ 109,486	3%
Cash and Other Monetary Assets	44,944	21,473	109%
Investments	35,443	199,105	-82%
Accounts Receivable, Net	11,400	48,260	-76%
General Property & Equipment, Net	19,371	18,060	7%
Total Assets	$ 223,383	$396,384	-44%
Liabilities:			
Accrued Redress Receivables Due to Claimants	$11,229	$ 38,170	-71%
Redress Collected not yet Disbursed	84,190	180,526	-53%
Divestiture Fund Due	-	45,523	-100%
Accounts Payable and Other	34,768	44,515	-22%
Total Liabilities	$ 130,187	$308,734	-58%
Net Position:			
Cumulative Results of Operations-Other Funds	93,196	87,650	6%
Total Net Position	$ 93,196	$ 87,650	6%
Total Liabilities and Net Position	$ 223,383	$ 396,384	-44%

COST SUMMARY	FY 2011	FY 2010	Percentage Change
Gross Cost	$ 298,649	$ 275,100	9%
Less: Earned Revenue	(106,217)	(87,980)	21%
Net Cost of Operations	$ 192,432	$ 187,120	-3%

Financial Analysis

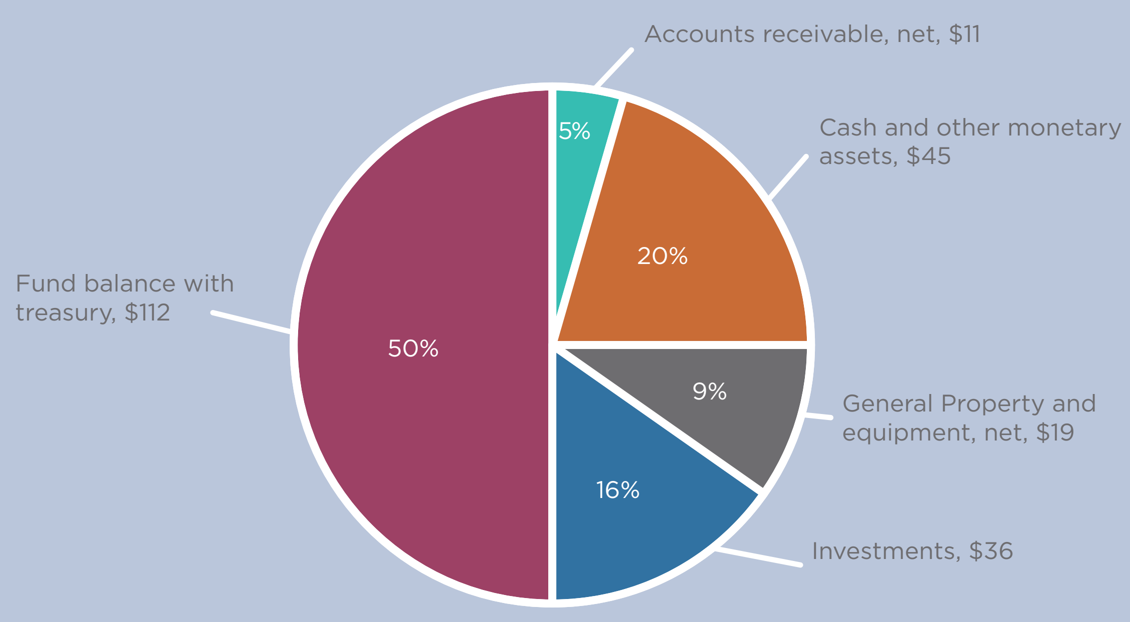
ASSETS.

The FTC's Balance Sheet shows total assets of $223 million at the end of FY 2011, a decrease of $173 million or 44 percent compared to total assets of $396 million in FY 2010. The overall decrease is primarily attributable to distributing a majority of $108 million from one significant redress case previously collected near the latter part of FY 2010. In addition, during FY 2011 $45 million in funds were returned to defendants, which had been previously held in a divestiture fund.

Cash and other monetary assets increased by $23 million, due primarily to the remaining funds awaiting distribution related to the $108 million judgment case. Accounts receivable, net decreased by $37 million due to a $12 million collection of a civil penalty receivable, $9 million collected from sale of assets against a redress judgment receivable and increased write-offs and allowances of net receivable balances existing at the end of FY 2010.

General property & equipment, net increased due to the several internal use software developments and purchases being placed in service during FY 2011.

ASSETS BY TYPE (Dollars shown in millions)



LIABILITIES.

The FTC's total liabilities at the end of FY 2011 were $130 million, a decrease of $179 million or 58 percent, from FY 2010 total liabilities of $309 million. The decrease in total liabilities is primarily the result distributing a majority of $108 million to redress claimants from one judgment along with the $45 million return of funds from the divestiture fund.

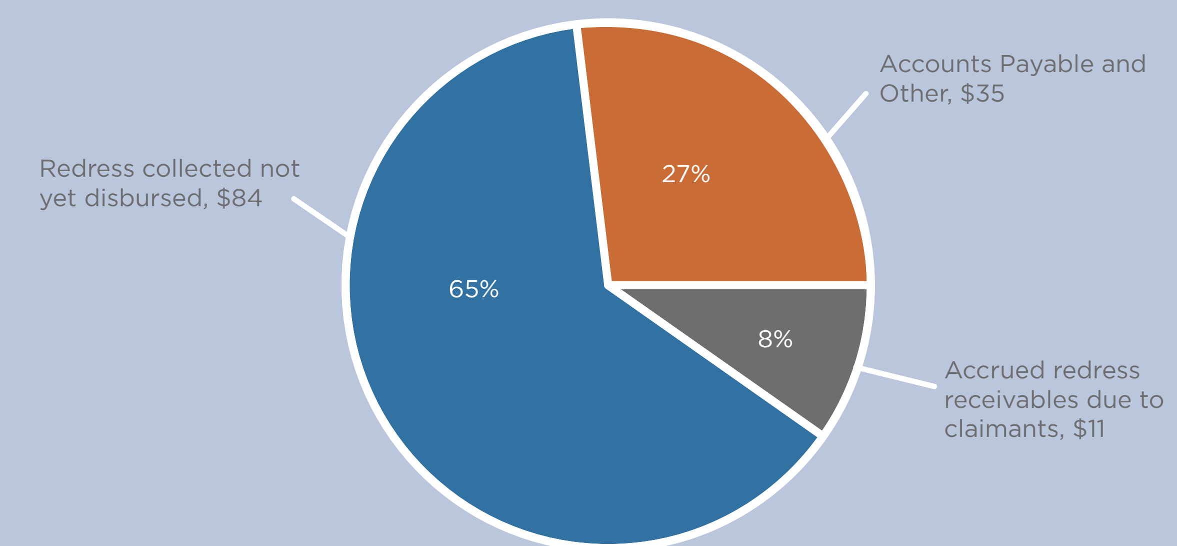
Accrued redress receivables due to claimants is the liability offset to net redress accounts receivable. The decrease of $27 million in this liability reflects a similar decrease in the accounts receivable, net balance related to redress.

Divestiture fund due decreased from $45 million in FY 2010 to $0 in FY 2011 due to the return of funds to defendants in FY 2011.

Redress collected not yet disbursed is the liability offset to collections made on redress cases. The primary cause for the decrease of $97 million is the distribution of funds from the $108 million judgment previously mentioned.

Accounts payable and other decreased by $10 million in FY 2011, primarily due to the related collection of the civil penalty receivable that existed at FY 2010 year-end. This collection was disgorged to Treasury, thus reducing the liability balance.

LIABILITIES BY TYPE (Dollars shown in millions)



NET POSITION.

Net position represents the FTC's cumulative results of operations. At the end of FY 2011, the FTC's net position is $93 million, increasing by $5 million or six percent over the FY 2010 ending net position of $88 million.

Financing sources from appropriations used during the year were $186 million and imputed financing sources totaled $12 million for a total of $198 million. The imputed financing sources consisted of $6 million in future retirement benefits and $6 million in future health and life insurance benefits accrued in FY 2011, which will be paid by entities other than the FTC.

The financing sources of $198 million exceed the net cost of operations totaling $193 million (gross costs of $299 million less revenues from fees of $106 million), resulting in the $5 million increase in net position.

RESULTS OF OPERATIONS.

Total gross costs were $299 and $275 million for FYs 2011 and 2010, respectively, representing an increase of $24 million, or nine percent. The primary factors contributing to the increase in expenses were increased personnel and related costs of $10 million for payroll and benefits, early-out retirement incentives and imputed financing (retirement) costs. Additional contributing factors include: a) an increase in information technology contract support for the data center and help desk, b) programs launched by the Bureau of Consumer Protection for advertising literacy and NetCetera Outreach during FY 2011, c) an increase in rent expense, and d) greater depreciation expense due to recent asset additions. Gross costs are inclusive of all costs involved in FTC's ongoing operations. Fees collected under the DNC Registry (related to the FTC's Protect Consumers strategic goal) and under the HSR Act (related to the FTC's Maintain Competition strategic goal) of $106 and $88 million in FYs 2011 and FY 2010, respectively, offset the gross costs in determining net costs. FY 2011 net costs of $192 million only increased by $5 million over the FY 2010 level of $187 million, despite the increase in gross costs of $24 million. This is primarily due to the increase in premerger activity and the related increase in HSR fees collected of $18 million that offset the gross costs.

FY 2011 NET COSTS BY STRATEGIC GOAL

(Dollars shown in thousands)

	Strategic Goal 1 Protect Consumers	Strategic Goal 2 Maintain Competition	Total
Gross Costs	$ 169,334	$129,315	$ 298,649
Less: Earned Revenue	(14,223)	(91,984)	(106,217)
Net Cost of Operations	$ 155,101	$ 37,331	$ 192,432

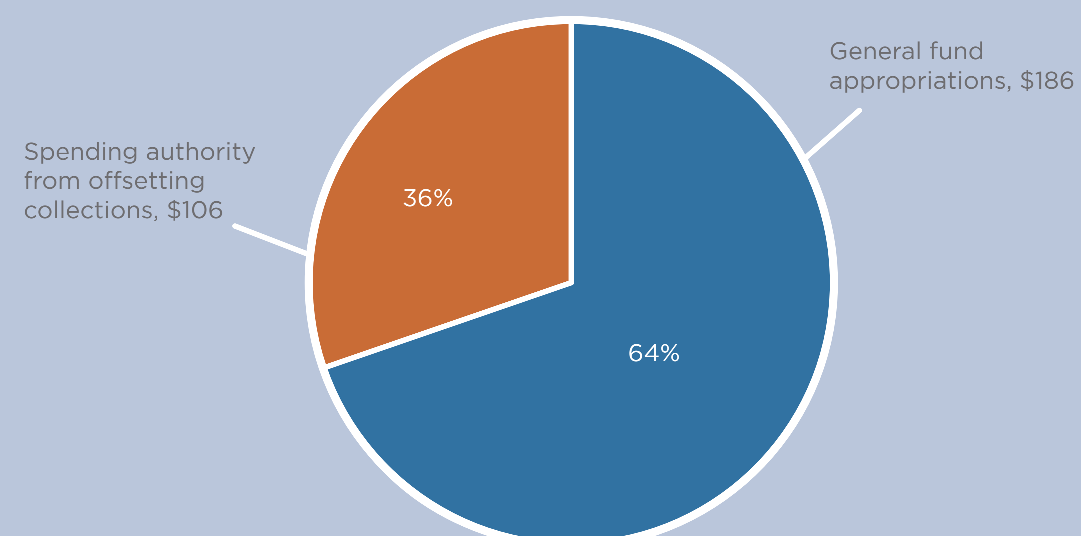
BUDGETARY RESOURCES.

The Statement of Budgetary Resources (SBR) provides information on budgetary resources made available to the agency and the status of these resources at the end of the fiscal year. New budgetary authority (total budgetary resources excluding unobligated balances brought forward and prior year recoveries) was $292 million in FY 2011, a decrease of $1 million or less than one percent from the $293 million received in FY 2010. Except for a small rescission in FY 2011, the appropriation for the FTC in FY 2011 was the same as FY 2010.

In FY 2011, spending authority derived from offsetting collections totaled $106 million ($91 million for HSR fees, $14 million for DNC Registry and $1 million from reimbursable agreements) and general fund appropriations totaled $186 million, comprising 36 and 64 percent of new budget authority, respectively. This compares to offsetting collections of $88 million and general fund appropriations of $205 million, comprising 30 and 70 percent of new budget authority, respectively, in FY 2010.

The SBR includes distributed offsetting receipts, which are the non-entity and non-budgetary funds recorded in the FTC's miscellaneous receipt account. These receipts are composed of disgorgements to the Treasury from undistributed funds from the redress program and court-appointed receivers. Distributed offsetting receipts were $13 million in FY 2011, compared to $7 million in FY 2010.

NEW BUDGET AUTHORITY FOR FY 2011 (Dollars shown in millions)



Limitations of Financial Statements

FTC management has prepared its FY 2011 financial statements from the books and records of the agency in accordance with the requirements of OMB Circular A-136, financial reporting requirements, as amended. The financial statements represent the financial position and results of operations of the agency pursuant to the requirements of chapter 31 of the U.S. Code Section 3515(b). While these statements have been prepared from the agency's books in accordance with the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. These statements should be read with the understanding that they are for a component of the U.S. government, a sovereign entity. One implication is that unfunded liabilities cannot be liquidated without legislation that provides resources to do so.

Financial Management Indicators

The following table shows standard indicators developed by the Chief Financial Officers Council and used by the OMB to monitor agencies' financial management practices.

FINANCIAL MANAGEMENT INDICATORS FOR FY 2011	
DEBT MANAGEMENT	
Debt Transferred to Treasury	100%
FUNDS MANAGEMENT	
Fund Balance with Treasury (identifies the difference between the fund balance reported in Treasury reports and the agency fund balance with Treasury recorded in its general ledger on a net basis)	100% reconciled
PAYMENT MANAGEMENT	
Percentage Invoices Paid on Time (per Prompt Payment Act)	97%
Percentage Interest Penalties Paid to Total Dollars Invoiced	0.01%
Percentage of total dollars outstanding in current status* (good standing) for Individually Billed Travel Account holders	100%
Percentage of total dollars outstanding in current status* (good standing) for Centrally Billed Travel accounts	100%
Percentage of total dollars outstanding in current status* (good standing) for Purchase Cards	100%

**The OMB threshold for delinquency is 61 days.*

PERFORMANCE
SECTION

INTRODUCTION TO PERFORMANCE

The Performance Section presents, by goals and objectives, detailed information on the performance results of the Federal Trade Commission's (FTC) programs. This section also includes: a discussion of strategies and factors affecting performance, a summary of methods used to verify and validate performance data, trend data, performance targets, and resources utilized data for Goal 1 and Goal 2. Since Goal 3 applies to overall performance across the agency, the resources utilized for Goal 3 are distributed to Goal 1 and Goal 2[1]. Generally, this section would also contain the results of program evaluations; however, the agency did not undergo any significant program evaluations in FY 2011. For a summary of the agency's mission summary and a description of the organizational structure, see the Management's Discussion and Analysis Section.

The goals, objectives, and performance measures reported in this PAR are based on the agency's strategic plan, which was last updated effective FY 2010. The performance tables that follow present six fiscal years of performance results and targets, except for those performance measures first added in the latest strategic plan update. These newest performance measures are presented starting in FY 2010.

Strategic Human Capital Management

The FTC's strategic human capital management ensures that the agency has the diverse, skilled workforce needed to advance its mission, achieve its strategic goals and objectives, and meet performance measure targets. The agency conducts human capital planning in concert with long-term strategic planning and annual performance planning to keep human capital goals, policies, programs, and initiatives aligned with the strategic and performance plans. For example, a robust staffing strategy with the right mix of tools and mechanisms helps the agency meet challenges inherent in a constrained fiscal environment while providing mission-essential skills and competencies.

[1]Goal 3's costs are distributed to Goal 1 and Goal 2 predominately by Goal 1's and Goal 2's FTE usage, except for those non-pay costs that are clearly attributable to a specific goal.

Human capital planning encompasses leadership and knowledge management, a results-oriented performance culture, talent management, and job satisfaction, which are evaluated by the Office of Personnel Management's Human Capital Assessment and Accountability Framework. More detailed information on human capital performance goals and results are provided on page 92.

Relationship of Outputs to Outcomes

The FTC continuously reviews its performance framework and focuses on tracking and reporting the most appropriate and meaningful outcome measures to show effectiveness, efficiency, and results. For example, outcome-based Performance Measures 2.1.2 and 2.1.5 estimate the millions of dollars in consumer savings that result from merger and nonmerger actions taken to maintain competition. The FTC, however, has not developed outcome measures in all cases, and uses input and output measures that either support outcomes, lead to outcomes, or otherwise provide valuable indicators of how the FTC is progressing toward achieving its strategic goals and objectives. Under the consumer protection goal, for example, Performance Measure 1.1.1 counts consumer complaints added to the FTC's database, and Performance Measure 1.1.2 indicates the percentage of the agency's consumer protection law enforcement actions that targeted the subject of consumer complaints. While these measures are not outcome-oriented, they bring the FTC closer to determining its role in the ultimate desired outcome of a marketplace free of unfair practices that cause consumer injury and free of fraud and deception.

Verification and Validation of Performance Data

The financial data and performance results described in this report enable the FTC to administer its programs, gauge their success, and make adjustments necessary to improve program quality for the public. The Message from the Chairman on p.IV provides that the FTC's financial and performance data presented in this report are complete and reliable. The following steps outline how the agency ensured the performance information it reports is complete and reliable:

- Completed an independent review of the internal controls over the data collection and reporting of performance measures to ensure reporting entities had documented adequate procedures and checks and balances in the reporting process.
- Developed policy and documented the procedures used to ensure timely reporting of complete, accurate, and reliable actual results relative to the key performance measures.
- Held program managers accountable to set meaningful and realistic targets that also challenge the agency to leverage its resources. This includes ensuring ongoing monitoring of performance targets so they are updated to reflect changes in key factors that impact the agency's ability to achieve such results. Further, when appropriate, program managers are required to explain how they will improve performance when targets are not met.
- Subjected performance measurement results to periodic senior management and commission review throughout the fiscal year. This process includes substantiating that actual results reported are indeed correct whenever those results reveal significant discrepancies or variances from the target.

Agency program managers also monitor and maintain automated systems and databases that collect, track, and store performance data, with support provided by the FTC's Office of the Chief Information Officer (OCIO). In addition to the general controls in place over the network that ensure only authorized staff can access key systems, each application (system)—such as the Consumer Sentinel Network—incorporates internal validation edits to ensure the accuracy of data contained therein. These application edits include checks for reasonableness, consistency, and accuracy. Crosschecks between other internal automated systems also provide assurances of data reasonableness and consistency. In addition to internal monitoring of each system, experts outside of the business units (e.g., the Bureaus of Consumer Protection and Competition) routinely monitor the data collection. For example, senior economists from the Bureau of Economics review statistical data used by the Bureau of Competition to calculate performance results.

The Financial Management Office is responsible for providing direction and support on data collection methodology and analysis, ensuring that data quality checks are in place, and accurately reporting performance management data. Within the Performance Section, the FTC has identified the data sources for each performance measure.

LEGEND FOR UPCOMING PERFORMANCE SECTION TABLES	
✔	Signifies that the target is met or exceeded
✖	Signifies that the target is not met

Performance Measure Summary Tables

The tables that follow capture FY 2011 targeted performance compared to actual results and units of measure.

STRATEGIC GOAL 1: PROTECT CONSUMERS

Objective 1.1 Identify fraud, deception, and unfair practices that cause the greatest consumer injury		
Performance Measure 1.1.1 Complaints collected and entered into the Consumer Sentinel Network database.	**Target**	2.6 million complaints
	Actual	4.0 million complaints ✔
Key Measure 1.1.2 The percentage of the FTC's consumer protection law enforcement actions that target the subject of consumer complaints to the FTC.	**Target**	65.0% of actions
	Actual	80.4% of actions ✔
Performance Measure 1.1.3 The rate of customer satisfaction with the FTC's Consumer Response Center.	**Target**	See **(A)** and **(B)** below
	Actual	**(A)** Exceeded ✔ **(B)** Exceeded ✔
Target: ***(A)*** *For the website, exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index* ***(B)*** *For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee*		

Objective 1.2: Stop fraud, deception, unfairness, and other unlawful practices through law enforcement		
Key Measure 1.2.1 The percentage of all cases filed by the FTC that were successfully resolved through litigation, a settlement, or issuance of a default judgment.	**Target**	75.0–85.0% of cases
	Actual	100.0% of cases ✔
Performance Measure 1.2.2 The FTC's effectiveness in stopping prohibited business practices in three high priority areas over the next five years.	**Target**	Statistically significant decrease in the prevalence of the practice.
	Actual	N/A
Performance Measure 1.2.3 The percentage of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within six months.	**Target**	90.0% of cases
	Actual	100.0% of cases ✔
Performance Measure 1.2.4 Investigations or cases in which the FTC obtains foreign-based evidence or engages in mutual assistance that contributes to FTC law enforcement actions, or in which we cooperate with foreign agencies and/or multilateral organizations.	**Target**	30 investigations or cases
	Actual	53 investigations or cases ✔

Objective 1.3: Prevent consumer injury through education		
Performance Measure 1.3.1 Consumer protection messages accessed online or in print.	**Target**	50 million messages
	Actual	41.4 million messages ✖
Key Measure 1.3.2 Customer satisfaction rate with an FTC consumer education website or microsite.	**Target**	Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index
	Actual	Exceeded ✔
Performance Measure 1.3.3 Organizations requesting consumer education publications.	**Target**	11,300 organizations
	Actual	14,818 organizations ✔

Objective 1.4: Enhance consumer protection through research, reports, rulemaking, and advocacy		
Performance Measure 1.4.1 Workshops and conferences convened or cosponsored that address consumer protection problems.	**Target**	8 workshops and conferences
	Actual	14 workshops and conferences ✔
Performance Measure 1.4.2 Advocacy comments and amicus briefs on consumer protection issues filed with entities including federal and state legislatures, agencies, or courts.	**Target**	6 comments and briefs
	Actual	3 comments and briefs ✖
Performance Measure 1.4.3 The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful."	**Target**	50.0% of respondents
	Actual	100.0% of respondents ✔
Key Measure 1.4.4 The percentage of proposed Administrative Procedure Act (APA) rulemakings, conducted solely by the FTC, completed within nine months of receipt of final comments in the Final Notice of Proposed Rulemaking.	**Target**	75.0% of rulemakings
	Actual	83.3% of rulemakings ✔

Objective 1.5: Protect American consumers in the global marketplace by providing sound policy and technical input to foreign governments and international organizations to promote sound consumer policy		
Key Measure 1.5.1 Policy advice provided to foreign consumer protection and privacy agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.	**Target**	40 policy inputs
	Actual	52 policy inputs ✔
Performance Measure 1.5.2 Technical assistance to foreign consumer protection and privacy authorities.	**Target**	8 technical assistance missions or international Fellows hosted
	Actual	15 technical assistance missions or international Fellows hosted ✔

STRATEGIC GOAL 2: MAINTAIN COMPETITION

Objective 2.1: Take action against anticompetitive mergers and practices that may cause significant consumer injury		
Key Measure 2.1.1 Actions to maintain competition, including litigated victories, consent orders, abandoned transaction remedies, restructured transaction remedies, or fix-it-first transaction remedies in a significant percentage of substantial merger and nonmerger investigations.	**Target**	40.0–60.0% of substantial investigations
	Actual	31.8% of substantial investigations ✖
Performance Measure 2.1.2 Consumer savings of at least $500 million through merger actions to maintain competition.	**Target**	$500.0 million
	Actual	$531.5 million ✔
Performance Measure 2.1.3 Actions against mergers likely to harm competition in markets with a total of at least $25 billion in sales.	**Target**	$25.0 billion
	Actual	$22.7 billion ✖
Performance Measure 2.1.4 Consumer savings of at least six times the amount of FTC resources allocated to the merger program. (Efficiency Measure)	**Target**	600.0%
	Actual	1,417.3% ✔
Performance Measure 2.1.5 Consumer savings of at least $80 million through nonmerger actions taken to maintain competition.	**Target**	$80.0 million
	Actual	$444.9 million ✔
Performance Measure 2.1.6 Actions against anticompetitive conduct in markets with a total of at least $8 billion in annual sales.	**Target**	$8.0 billion
	Actual	$11.6 billion ✔
Performance Measure 2.1.7 Consumer savings of at least four times the amount of FTC resources allocated to the nonmerger program. (Efficiency Measure)	**Target**	400.0%
	Actual	1,917.7% ✔
Performance Measure 2.1.8 The percentage of cases in which the FTC had at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.	**Target**	90.0% of cases
	Actual	100.0% of cases ✔

Objective 2.2: Prevent consumer injury through education		
Key Measure 2.2.1 Competition resources accessed via the FTC's website.	**Target**	10.0 million hits
	Actual	22.6 million hits ✔

Objective 2.3: Enhance consumer benefit through research, reports, and advocacy		
Key Measure 2.3.1 Workshops, seminars, conferences, and hearings convened or cosponsored that involve significant competition-related issues.	**Target**	4 workshops, seminars, conferences, and hearings
	Actual	4 workshops, seminars, conferences, and hearings ✔
Key Measure 2.3.2 Reports and studies issued on key competition-related topics.	**Target**	8 reports and studies
	Actual	11 reports and studies ✔
Key Measure 2.3.3 Advocacy comments and amicus briefs on competition issues filed with entities including federal and state legislatures, agencies or courts.	**Target**	6 comments and briefs
	Actual	16 comments and briefs ✔
Performance Measure 2.3.4 The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful."	**Target**	50.0% of respondents
	Actual	100.0% of respondents ✔
Performance Measure 2.3.5 The volume of traffic on www.ftc.gov relating to competition research, reports, and advocacy.	**Target**	1.7 million hits
	Actual	1.8 million hits ✔

Objective 2.4: Protect American consumers in the global marketplace by providing sound policy recommendations and technical advice to foreign governments and international organizations to promote sound competition policy		
Key Measure 2.4.1 Policy advice provided to foreign competition agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.	**Target**	40 policy inputs
	Actual	112 policy inputs ✔
Performance Measure 2.4.2 Technical assistance provided to foreign competition authorities.	**Target**	10 technical assistance missions or international Fellows hosted
	Actual	27 technical assistance missions or international Fellows hosted ✔

STRATEGIC GOAL 3: ADVANCE PERFORMANCE

Objective 3.1: Provide effective human resources management		
Performance Measure 3.1.1 The extent employees believe their organizational culture promotes improvement in processes, products and services, and organizational outcomes.	**Target**	Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index
	Actual	Exceeded ✔
Key Measure 3.1.2 The extent employees think the organization has the talent necessary to achieve organizational goals.	**Target**	Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index
	Actual	Exceeded ✔

Performance Section

Objective 3.2: Provide effective infrastructure and security management		
Key Measure 3.2.1 A favorable Continuity of Operations (COOP) rating.	**Target**	75.0% rating
	Actual	75.0% rating ✔
Key Measure 3.2.2 Availability of information technology systems.	**Target**	98.50% system availability
	Actual	99.82% system availability ✔

Objective 3.3: Provide effective information resources management		
Key Measure 3.3.1 The percentage of Commission-approved documents in ongoing and newly initiated FTC proceedings available via the Internet within 15 days of becoming part of the public record.	**Target**	75.0% of documents
	Actual	82.0% of documents ✔

Objective 3.4: Provide effective financial and acquisition management		
Performance Measure 3.4.1 Independent auditor's financial statement audit results.	**Target**	Unqualified opinion on the financial statements
	Actual	Unqualified opinion on the financial statements ✔
Key Measure 3.4.2 The percentage of Bureaus/ Offices that establish and maintain an effective, risk-based internal control environment.	**Target**	100.0% of Bureaus/Offices
	Actual	100.0% of Bureaus/Offices ✔
Performance Measure 3.4.3 Performance against the Small Business Administration's government-wide small business procurement goals.	**Target**	23.0% of total small business eligible dollars
	Actual	46.3% of total small business eligible dollars ✔

STRATEGIC GOAL 1: PROTECT CONSUMERS

Prevent fraud, deception, and unfair business practices in the marketplace.

I. Strategic View

As the nation's premier consumer protection agency, the FTC strives to protect consumers by preventing fraud, deception, and unfair business practices in the marketplace. The agency implements five objectives to achieve this goal.

OBJECTIVE 1.1: IDENTIFY FRAUD, DECEPTION, AND UNFAIR PRACTICES THAT CAUSE THE GREATEST CONSUMER INJURY.

The FTC identifies practices that cause consumer injury by analyzing consumer complaint data it collects and maintains in its Consumer Sentinel Network database, holding public discussions, and monitoring the marketplace.

OBJECTIVE 1.2: STOP FRAUD, DECEPTION, UNFAIRNESS, AND OTHER UNLAWFUL PRACTICES THROUGH LAW ENFORCEMENT.

The FTC uses information gathered under Objective 1.1 to target its law enforcement efforts. Its law enforcement program aims to stop and deter fraud and deception, protect consumers' privacy, increase compliance with its consumer protection statutes and rules, and return funds to harmed consumers.

OBJECTIVE 1.3: PREVENT CONSUMER INJURY THROUGH EDUCATION.

The FTC targets its education efforts to give consumers the information they need to protect themselves from injury and to explain to businesses how to comply with applicable laws.

OBJECTIVE 1.4: ENHANCE CONSUMER PROTECTION THROUGH RESEARCH, REPORTS, RULEMAKING, AND ADVOCACY.

The FTC complements its law enforcement and education efforts by gathering, analyzing, and making public certain information concerning the nature of business practices in the marketplace.

OBJECTIVE 1.5: PROTECT AMERICAN CONSUMERS IN THE GLOBAL MARKETPLACE BY PROVIDING SOUND POLICY AND TECHNICAL INPUT TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS TO PROMOTE SOUND CONSUMER POLICY.

The FTC works around the globe to address new and emerging consumer protection and privacy challenges and concerns with a broad-based international program that strives to develop a consumer-friendly global marketplace for American consumers.

II. Strategic Analysis

OBJECTIVE 1.1: IDENTIFY FRAUD, DECEPTION, AND UNFAIR PRACTICES THAT CAUSE THE GREATEST CONSUMER INJURY.

Identifying the practices that cause the greatest consumer injury is the first step in preventing fraud, deception, and unfair business practices in the marketplace.

Our Strategy

To better protect consumers, the FTC must identify consumer protection problems and trends in the fast-changing, increasingly global marketplace. The agency strives to understand the issues affecting consumers, including any newly-emerging methods of fraud or deceit, so that it can target its enforcement, education, and advocacy to those areas where consumers suffer the most harm. The FTC reports this information to other law enforcement authorities and encourages those authorities to assist in its efforts, either independently or jointly. In this way, the FTC can leverage its resources by ensuring there are multiple "cops on the beat."

To fulfill this objective, the FTC is using new technologies creatively and building on its broad base of private and public sector partners. The agency continues to collect consumer complaint information directly through four principal sources: (1) a toll-free helpline (1-877-FTC-HELP); (2) an identity theft hotline (1-877-ID-THEFT); (3) the National Do Not Call Registry (1-888-382-1222); and (4) the online consumer complaint forms that support each of these efforts, as well as online forms dedicated to complaints from members of the U.S. Armed Forces and to cross-border fraud complaints. In addition, the FTC continues to gather consumer complaint information from other sources, including other law enforcement agencies, the Better Business Bureaus, and private entities. The agency makes this and other information accessible through the secure website of the Consumer Sentinel Network (CSN), a unique investigative database of consumer complaints that is accessible to over 2,000 law enforcement partner agencies worldwide. CSN encompasses nearly 16.1 million consumer fraud, identity theft, financial, and Do Not Call (DNC) complaints that the agency has collected since July 2006.

the FTC staff and law enforcement partners also have the ability to search more than 340 million spam records collected by the FTC via spam@uce.gov. The agency augments identification of targets from its databases with other strategies for generating enforcement leads, such as ad monitoring, internet surfs (monitoring the internet for potentially false or deceptive advertising for a targeted product or service), and direct referrals from government and private sector partners.

Performance Results

Performance Measure 1.1.1 ensures that the agency assimilates a large number of consumer complaints, including complaints about DNC violations. The agency receives these complaints from a variety of sources, including direct consumer complaints to the FTC and complaints received by the FTC's partners. In this manner, the FTC collects robust information to inform its law enforcement efforts. Key Measure 1.1.2 ensures that FTC law enforcement actions target the subject of concerns identified by consumers. Performance Measure 1.1.3 ensures that the agency's consumer response center is providing satisfactory service responding to consumers.

TOP CONSUMER COMPLAINTS IN CALENDAR YEAR 2010

The list of top consumer complaints received by the FTC in 2010 showed that for the 11th year in a row, identity theft was the number one consumer complaint category. Of the complaints received in calendar year 2010, 250,854—or 19 percent—were related to identity theft. Debt collection complaints were in second place, with 144,159 complaints. The report is available on the FTC's website at www.ftc.gov/sentinel/reports/sentinel-annual-reports/sentinel-cy2010.pdf.

In the table below, "Percentage" is based on the total number of consumer complaints the FTC received in 2010 (1,339,265 complaints). "Compared to 2009" is based on the total number of consumer complaints the FTC received in 2009, as of the end of 2009 (1,330,426 complaints).

RANK	CATEGORY	NUMBER OF COMPLAINTS	PERCENT OF TOTAL	COMPARED TO 2009
1	**Identity Theft**	250,854	19%	↓ From 21%
2	**Debt Collection**	144,159	11%	↑ From 9%
3	**Internet Services**	65,565	5%	↓ From 6%
4	**Prizes, Sweepstakes and Lotteries**	64,085	5%	↑ From 3%
5	**Shop-at-Home and Catalog Sales**	60,205	4%	↓ From 6%
6	**Imposter Scams**	60,158	4%	N/A
7	**Internet Auctions**	56,107	4%	←→
8	**Foreign Money/Counterfeit Check Scams**	43,866	3%	↓ From 5%
9	**Telephone and Mobile Services**	37,388	3%	N/A
10	**Credit Cards**	33,258	2%	↓ From 3%

Performance Section

Performance Section

PERFORMANCE MEASURE 1.1.1

COMPLAINTS COLLECTED AND ENTERED INTO THE CONSUMER SENTINEL NETWORK DATABASE. (INPUT MEASURE – NUMBERS SHOWN IN MILLIONS.)[1]

2013	*Target*	*2.8*
2012	*Target*	*2.7*
2011	**Target**	**2.6**
	Actual	**4.0**
2010	**Target**	**2.5**
	Actual	**3.1**
2009	**Target**	**1.8**
	Actual	**3.3**
2008	**Target**	**1.8**
	Actual	**3.1**
2007	**Target**	**1.0**
	Actual	**1.1**
2006	**Target**	**1.0**
	Actual	**1.0**

TARGET EXCEEDED.

In FY 2011, the FTC added 4.0 million entries into its database, 154% of the target of 2.6 million.

The increased number of complaints in FY 2011 was driven by an increase in the number of external data contributors, including the Oregon Department of Justice, Washington State Office of the Attorney General, Michigan Office of the Attorney General, and the Tennessee Consumer Affairs Division. Furthermore, the database now includes complaints from all 122 Better Business Bureaus. The number of complaints has otherwise remained steady, with the only other significant increase in FY 2008, when, for the first time, the total included consumer complaints alleging DNC violations.

Due to the extent by which the FTC exceeded this target in FYs 2008 and 2009, the agency reevaluated the target in the 2009 update of the FTC Strategic Plan, significantly increasing the target for FY 2010 and further increasing it for each of the next four years. Due to the extent by which the FTC exceeded the revised targets in FYs 2010 and 2011, the agency again reevaluated the target in 2011, and plans to update the performance plan, significantly increasing the target for FYs 2012 and 2013. The FTC's FY 2012 PAR will contain the updated targets.

Data Source: The FTC's Consumer Sentinel Network database.

[1]Effective FY 2011, "and inquires" was dropped from this performance measure.

KEY MEASURE 1.1.2

THE PERCENTAGE OF THE FTC'S CONSUMER PROTECTION LAW ENFORCEMENT ACTIONS THAT TARGET THE SUBJECT OF CONSUMER COMPLAINTS TO THE FTC. (OUTPUT MEASURE)

2013	*Target*	*65%*
2012	*Target*	*65%*
2011	**Target**	65.0%
	Actual	80.4%
2010	**Target**	65.0%
	Actual	95.9%
2009	**Target**	65.0%
	Actual	79.0%
2008	**Target**	65.0%
	Actual	71.0%
2007	**Target**	50.0%
	Actual	76.0%
2006	**Target**	N/A
	Actual	N/A

TARGET EXCEEDED.

In FY 2011, 80.4%, or 41 of 51, of the agency's actions targeted the subject of consumer complaints to the FTC.

Because the agency augments identification of targets from its databases with other strategies for generating enforcement leads—such as ad monitoring, Internet surfs, and direct referrals from government and private sector partners—the results vary from year to year, and the agency has not increased the target for this measure.

Data Source: The FTC's Consumer Sentinel Network database.

PERFORMANCE MEASURE 1.1.3

THE RATE OF CUSTOMER SATISFACTION WITH THE FTC'S CONSUMER RESPONSE CENTER. (OUTCOME MEASURE)

2013	*Target*	*See (A) and (B)*	**TARGET MET.** In FY 2011, the average citizen satisfaction score for participating federal government websites was 74, and the score for the FTC's website was 75. The standard for call centers was 74, and the FTC's score was 77. *Data Source: Reports from the U.S. Department of the Interior's Federal Consulting Group, the executive agent for the American Customer Satisfaction Index (ACSI), which is produced by the University of Michigan in partnership with the American Society for Quality, ForeSee Results and the CFI Group. The ACSI produces the E-Government Satisfaction Index.*
2012	*Target*	*See (A) and (B)*	
2011	**Target**	**See (A) and (B)**	
	Actual	**(A) Exceeded** **(B) Exceeded**	
2010	**Target**	**See (A) and (B)**	
	Actual	**(A) Exceeded** **(B) Met**	

Target: **(A)** *For the website, exceed average citizen satisfaction rate as published in the ACSI's E-Government Satisfaction Index.*

(B) *For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee.*

OBJECTIVE 1.2: STOP FRAUD, DECEPTION, UNFAIRNESS, AND OTHER UNLAWFUL PRACTICES THROUGH LAW ENFORCEMENT.

Once fraud, deception, and unfair business practices are identified in the marketplace, the FTC focuses its law enforcement efforts on areas where it can have the greatest impact for consumers.

Our Strategy

The FTC protects consumers by enforcing Section 5 of the FTC Act, which prohibits unfair or deceptive acts or practices in or affecting commerce, as well as by enforcing an increasing number of statutes and rules proscribing specific unlawful practices. The agency initiates civil cases, primarily by filing actions in federal court, which allege that defendants have violated these laws and rules and seek injunctions and other relief. The FTC also conducts administrative proceedings.

Performance Results

Key Measure 1.2.1 ensures that the FTC successfully resolves cases, though it aims to file large, precedent-setting cases when appropriate, including cases that raise challenging legal and factual issues. Performance Measure 1.2.2 ensures the agency's success in changing business practices within priority areas and demonstrates the change through research methods. Performance Measure 1.2.3 ensures that the FTC returns redress dollars to consumers as quickly as possible. Dollars are considered "designated for distribution" when the FTC is in receipt of all funds, legal issues are resolved, and a usable claimant list is ready. Performance Measure 1.2.4 helps gauge law enforcement efforts from an international perspective, including continuing to use and further develop new powers authorized under the "Undertaking Spam, Spyware, And Fraud Enforcement With Enforcers beyond Borders Act of 2006" (U.S. SAFE WEB Act) to achieve the objective.

KEY MEASURE 1.2.1

THE PERCENTAGE OF ALL CASES FILED BY THE FTC THAT WERE SUCCESSFULLY RESOLVED THROUGH LITIGATION, A SETTLEMENT, OR ISSUANCE OF A DEFAULT JUDGMENT. (OUTCOME MEASURE)

2013	*Target*	*75.0-85.0%*	**TARGET EXCEEDED.** Of the 121 cases resolved in FY 2011, all were successfully resolved through litigation, a settlement, or issuance of a default judgment. At the end of FY 2011, an additional 94 cases had not been resolved, and remained in litigation. While the agency significantly exceeded the target, setting the target too high could discourage the filing of large, difficult, or precedent-setting cases, including cases that raise challenging legal and factual issues. *Data Source: LexisNexis CourtLink, the FTC website, and agency, bureau, division, and regional office reports.*
2012	*Target*	*75.0-85.0%*	
2011	**Target**	**75.0-85.0%**	
	Actual	**100.0%**	
2010	**Target**	**75.0-85.0%**	
	Actual	**99.2%**	

PERFORMANCE MEASURE 1.2.2

THE FTC'S EFFECTIVENESS IN STOPPING PROHIBITED BUSINESS PRACTICES IN THREE HIGH PRIORITY AREAS OVER THE NEXT FIVE YEARS. (OUTCOME MEASURE)

2013	*Target*	*Statistically significant decrease in the prevalence of the practice.*
2012	*Target*	*Statistically significant decrease in the prevalence of the practice*
2011	**Target**	**Statistically significant decrease in the prevalence of the practice.**
	Actual	**N/A**
2010	**Target**	**Statistically significant decrease in the prevalence of the practice.**
	Actual	**N/A**

Stopping deceptive "green" marketing claims is one of the FTC's highest priorities, and the agency expects to complete its first study, addressing bamboo textiles claims, in FY 2012.

In order to establish a baseline, the FTC identified more than 500 websites marketing bamboo textiles, and from that group developed a representative sample of 70 websites. After charging four sellers of clothing and other textile products with making false claims, the agency re-captured the sample and analyzed the marketing claims. The FTC then sent 78 publically announced letters to companies nationwide, warning that they may be breaking the law. Although the agency anticipated capturing the sample a third time and reporting the study's results in FY 2011, the FTC decided to undertake additional work in this area before analyzing the effectiveness of its actions on the marketplace. Therefore, final results will be reported in FY 2012.

Data Source: Evaluations of the prevalence of prohibited business practices in the targeted areas.

NATIONAL DO NOT CALL REGISTRY

The FTC manages the National Do Not Call Registry, which continues to protect consumer from receiving unwanted commercial telemarketing calls. The Registry empowers consumers to take charge of the commercial telemarketing calls they receive. In FY 2011, telephone numbers on the Registry exceeded 208 million. It's fast and free to register a number, and registrations never expire. Consumers can register online at www.donotcall.gov, or call toll-free 888-382-1222 (TTY 866-290-4236) from the number they wish to register.

PERFORMANCE MEASURE 1.2.3

THE PERCENTAGE OF REDRESS CASES IN WHICH THE FTC DISTRIBUTES REDRESS DOLLARS DESIGNATED FOR DISTRIBUTION TO CONSUMERS WITHIN SIX MONTHS. (EFFICIENCY MEASURE)

2013	*Target*	*90.0%*
2012	*Target*	*90.0%*
2011	**Target**	**90.0%**
2011	**Actual**	**100.0%**
2010	**Target**	**90.0%**
2010	**Actual**	**96.0%**

TARGET EXCEEDED.

In FY 2011, in 13 of 13 cases or 100%, the FTC distributed redress dollars designated for distribution to consumers within six months.

The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles.

Data Source: Bureau open redress case status reports.

THE FTC SEEKS TO HALT 10 OPERATORS OF FAKE NEWS SITES FROM MAKING DECEPTIVE CLAIMS ABOUT ACAI BERRY WEIGHT LOSS PRODUCTS

In April 2011, the FTC requested that federal courts temporarily halt the allegedly deceptive tactics of 10 operations using fake news websites to market acai berry weight-loss products. According to the FTC, the Internet marketers falsely claimed endorsement from ABC, Fox News, CBS, CNN, USA Today, and Consumer Reports. The defendants allegedly operated websites that were meant to appear as if they belong to legitimate news-gathering organizations, but in reality the sites were simply advertisements aimed at deceptively enticing consumers to buy the featured weight-loss products from other merchants. The FTC seeks to permanently stop this misleading practice and has asked courts to freeze the operations' assets pending trial. For more information, visit www.ftc.gov/opa/2011/04/fakenews.shtm.

PERFORMANCE MEASURE 1.2.4

INVESTIGATIONS OR CASES IN WHICH THE FTC OBTAINS FOREIGN-BASED EVIDENCE OR ENGAGES IN MUTUAL ASSISTANCE THAT CONTRIBUTES TO FTC LAW ENFORCEMENT ACTIONS OR IN WHICH WE COOPERATE WITH FOREIGN AGENCIES AND/OR MULTILATERAL ORGANIZATIONS. (OUTPUT MEASURE)

2013	*Target*	*30*
2012	*Target*	*30*
2011	**Target**	**30**
	Actual	**53**
2010	**Target**	**30**
	Actual	**39**

TARGET EXCEEDED.

In FY 2011, the FTC cooperated with its foreign counterparts on consumer protection and privacy matters to obtain evidence and other assistance for FTC investigations and litigation with numerous jurisdictions including Australia, Belize, Canada, Colombia, Costa Rica, the Dominican Republic, El Salvador, France, Israel, New Zealand, Peru, the Philippines, and the United Kingdom. Foreign agencies assisted the FTC in activities such as locating investigative targets and defendants, obtaining corporate records, obtaining witness statements, organizing depositions, and providing investigative information. The FTC also provided assistance to numerous foreign entities, including pursuant to the information-sharing and investigative assistance provisions of the U.S. SAFE WEB Act of 2006. In several instances, the information the FTC provided to the foreign entity resulted in parallel proceeding or reciprocal assistance to the FTC.

The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles.

Data Source: Information on the international activities of the FTC is produced by the agency's Office of International Affairs.

THE FTC COMBATS IMMIGRATION SERVICES SCAMS

In January 2011, the FTC brought a case against Immigration Center, one of several associated companies allegedly participating in a large Internet scam in which they masqueraded as a U.S. government website. At the request of the FTC, a federal judge in June 2011, shut down the operation of Manuel and Lola Alban for allegedly misrepresenting that it was authorized to provide immigration services.

Because immigrants with limited English language proficiency often are targeted by scammers who call themselves "immigration consultants" or "notarios," or falsely claim that they are attorneys, the FTC developed education materials in English, Spanish, Chinese, and Korean. As part of the campaign, the FTC rolled out six new radio public service announcements in English, Spanish, and Mandarin Chinese that warn about illegal notarios and immigration consultants, and direct consumers to the materials on the FTC's website at www.ftc.gov/immigration. For more information, visit www.ftc.gov/opa/2011/06/immigration.shtm.

OBJECTIVE 1.3: PREVENT CONSUMER INJURY THROUGH EDUCATION.

An educated consumer and business community is a first line of defense against fraud and deception.

Our Strategy

The first line of defense against fraud, deception, and unfair practices is education. Most of the FTC's law enforcement initiatives include a consumer and/or business education component aimed at preventing consumer injury and unlawful business practices, and mitigating financial losses. Throughout the year, the FTC launches various consumer and business education campaigns to raise awareness of new or emerging marketplace issues that have the potential to cause harm. The agency creatively uses new technologies and private and public partnerships to reach new and under-served audiences, particularly those who may not seek information directly from the FTC. The FTC will continue to publicize its consumer complaint and identity theft website addresses and toll-free numbers in an ongoing effort to increase public awareness of its activities and inform the public of the ways to contact the FTC to obtain information or file a complaint.

PERFORMANCE RESULTS

Consumer and business education is crucial to prevent and reduce consumer harm. Performance Measure 1.3.1 ensures that the FTC continue to promote educational activity and that the educational materials are aimed at new trends and at particularly vulnerable populations. Key Measure 1.3.2 ensures that the agency's consumer education websites are effective and helpful for consumers. Performance Measure 1.3.3 ensures that the FTC is publicizing its activities in the best way possible and that the agency has a wide array of partners to leverage resources.that the FTC is publicizing its activities in the best way possible and that the agency has a wide array of partners to leverage resources.

BUSINESS CENTER

In November 2010, the FTC announced a new Business Center at www.Business.ftc.gov, that gives business owners, attorneys, and marketing professionals the tools they need to understand and comply with the consumer protection laws, rules, and guides the FTC enforces. The Business Center provides practical, plain-language guidance about advertising, credit, telemarketing, privacy, and a host of other topics. A series of short videos explain the bottom line about what businesses need to know to comply, and the Business Center blog gives readers the latest compliance tips and information.

PERFORMANCE MEASURE 1.3.1

CONSUMER PROTECTION MESSAGES ACCESSED ONLINE OR IN PRINT. (NUMBERS SHOWN IN MILLIONS.)

2013	*Target*	*50.0*
2012	*Target*	*50.0*
2011	**Target**	50.0
	Actual	41.4
2010	**Target**	50.0
	Actual	43.9
2009	**Target**	55.0
	Actual	43.1
2008	**Target**	50.0
	Actual	49.2
2007	**Target**	45.0
	Actual	47.0
2006	**Target**	25.0
	Actual	53.0

TARGET NOT MET.

In FY 2011, the FTC accomplished roughly 88% of its target of 50 million messages. Of the more than 43.9 million consumer protection messages accessed, more than 26.4 million were accessed online and nearly 17.5 million were print publications distributed by the FTC.

While the number of print publications distributed remained relatively static over the last decade, as more consumers and businesses went online, the number of publications accessed through the Internet soared before leveling off within the past few years. Also, the results underestimate the FTC's impact. The agency's partners are increasingly opting to post the FTC's information on their own websites, and the agency has also increasingly taken advantage of the outreach potential of the "blogosphere." The FTC is unable to measure the number of its consumer protection messages accessed on partner websites or blogs.

Data Source: The agency's web statistics software (for messages accessed online) and the FTC publication inventory (for messages accessed in print).

DEBT COLLECTION CONSUMER RIGHTS

If you are behind in paying your bills, you can expect to hear from a debt collector. A debt collector is someone, other than the creditor, who regularly collects debts owed to someone else. Lawyers who collect debts on a regular basis are considered debt collectors, too.

What you need to know: You have rights. Federal law requires that collectors treat you fairly. In short, that means: A debt collector may contact you in person, by mail, telephone, telegram, or fax, but may not contact you at inconvenient times or places—for example, before 8 a.m. or after 9 p.m.—unless you agree. A debt collector may not contact you at work if the collector is aware that your employer prohibits it. If an attorney is representing you about the debt, the debt collector must contact the attorney, rather than you. If you don't have an attorney, a collector may contact other people only to find out your address, your phone number, and where you work. A debt collector may not harass, oppress, or abuse you or any third parties they contact about you. A debt collector may not lie or mislead anyone when collecting a debt.

In 2010, as in other recent years, the FTC received more complaints about debt collection than any other specific industry. (The FTC does not count any identity theft or Do Not Call Registry complaints that may involve debt collection in determining the total number of debt collection complaints.) In its lawsuits challenging illegal debt collection practices, the FTC has obtained tough relief against collectors, including banning some of them from the business and requiring them to pay millions of dollars in penalties. For more information, visit www.ftc.gov/bcp/edu/microsites/moneymatters/dealing-with-debt-collection.shtml.

KEY MEASURE 1.3.2

CUSTOMER SATISFACTION RATE WITH AN FTC CONSUMER EDUCATION WEBSITE OR MICROSITE.

2013	*Target*	*Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index*
2012	*Target*	*Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index*
2011	**Target**	**Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index**
	Actual	**Exceeded**
2010	**Target**	**Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index**
	Actual	**Exceeded**

TARGET MET.

In FY 2011, the FTC continued to evaluate www.OnGuardOnline.gov, a joint effort of the federal government and the technology industry, created, maintained, and marketed by the FTC to help computer users guard against Internet fraud, secure their computers, and protect their personal information. The average citizen satisfaction score for participating federal government websites was 74, and the score for www.OnGuardOnline.gov was 81. The continued measurement of the website over time has allowed the FTC to assess the effect of website improvements on customer satisfaction.

Data Source: Reports from the U.S. Department of the Interior's Federal Consulting Group, the executive agent for the American Customer Satisfaction Index (ACSI), which is produced by the University of Michigan in partnership with the American Society for Quality, ForeSee Results and the CFI Group. The ACSI produces the E-Government Satisfaction Index.

PERFORMANCE MEASURE 1.3.3

ORGANIZATIONS REQUESTING CONSUMER EDUCATION PUBLICATIONS.

2013	*Target*	*11,900*
2012	*Target*	*11,600*
2011	**Target**	**11,300**
	Actual	**14,818**
2010	**Target**	**11,000**
	Actual	**15,375**

TARGET EXCEEDED.

In FY 2011, the FTC accomplished 131% of its target of 11,300 organizations.

The FTC's campaign for children's online safety kicked off at the start of FY 2010 with the publication of "Net Cetera: Chatting with Kids about Being Online." This was followed in FY 2011 by the Net Cetera Community Outreach Toolkit in October 2010, and "Heads Up: Stop. Think. Click" in November 2010. Approximately half of all orders received during FY 2011 included "Net Cetera" materials. In the third quarter of FY 2011, orders began returning to expected levels.

While the target increases over the next few years, the agency will continue to monitor performance and reassess targets as needed.

Data Source: The agency's online order system database.

SHOPPING FOR LIGHT BULBS? LEARNING ABOUT LUMENS IS A BRIGHT IDEA

In June 2011, the FTC announced new resources available to consumers to help them shop for light bulbs in a market with increasingly more efficient options, including compact fluorescent bulbs (CFLs) and light-emitting diodes (LEDs), and new incandescent halogen bulbs. At www.ftc.gov/lightbulbs, a video and flyer explain how understanding lumens and the new Lighting Facts label will help shoppers compare bulbs. For example, lumens, not watts, tell you how bright a light bulb is, no matter the type of bulb. The more lumens, the brighter the light. Beginning in 2012, the front of light bulb packages will emphasize a bulb's brightness in lumens, instead of the bulb's energy usage in watts. This new packaging will help consumers select the most efficient bulbs that fit their lighting needs and therefore, save money.

To learn more, visit www.ftc.gov/lightbulbs.

OBJECTIVE 1.4: : ENHANCE CONSUMER PROTECTION THROUGH RESEARCH, REPORTS, RULEMAKING, AND ADVOCACY.

Research, reports, rulemaking and advocacy complement law enforcement and education to enhance the welfare of consumers.

Our Strategy

The FTC uses a variety of strategies in addition to law enforcement and education to enhance consumer protection. The agency convenes and co-sponsors conferences and workshops through which experts and other experienced and knowledgeable parties identify novel or challenging consumer protection issues and discuss ways to address those issues. The FTC also issues reports that analyze consumer protection problems and provide recommendations to address them. Further, the FTC files comments with federal and state government bodies advocating policies that promote the interests of consumers and highlight the role of consumer and empirical research in their decision making. The agency testifies before the Congress on consumer protection issues. The FTC also files amicus briefs to aid courts' considerations of consumer protection issues.

Performance Results

Public policy that enhances consumer protection is based on a thorough understanding of complex issues, which arises from dialogue, study, and empirical research. Such policy also appreciates that stakeholders other than government, such as industry associations or private standard-setting organizations, are at times better positioned to address certain consumer protection issues. Performance Measures 1.4.1 through 1.4.3, and Key Measure 1.4.4, allow the agency to gauge the success of this objective and help ensure that the agency augments its enforcement and education efforts by encouraging discussions among all interested parties, through careful study of and empirical research on novel or challenging consumer protection problems, by urging adoption of policies and legal principles that promote consumers' interest, and by conducting rulemaking as appropriate. These activities help guide the FTC's consumer protection policy decisions, as well as those of other state, federal, and international policymakers.

PERFORMANCE MEASURE 1.4.1

WORKSHOPS AND CONFERENCES CONVENED OR COSPONSORED THAT ADDRESS CONSUMER PROTECTION PROBLEMS. (OUTPUT MEASURE)

2013	*Target*	*8*
2012	*Target*	*8*
2011	**Target**	8
	Actual	14
2010	**Target**	6
	Actual	11
2009	**Target**	6
	Actual	9
2008	**Target**	6
	Actual	16
2007	**Target**	6
	Actual	10
2006	**Target**	N/A
	Actual	N/A

TARGET EXCEEDED.

In FY 2011, the FTC exceeded its target and convened or cosponsored 14 workshops and conferences that addressed consumer protection problems. These events brought together approximately 1,470 participants.

Due to the extent by which the FTC exceeded this target in FY 2010 and prior years, the agency reevaluated the target and updated the performance plan, increasing the target for FY 2011 and the following three years. The agency significantly exceeded the revised FY 2011 target because it convened or cosponsored events, including the debt collection technology workshop, in anticipation of the transfer of certain authorities to the new Consumer Financial Protection Bureau, resulting in an unusually large number workshops and conferences.

Data Source: The FTC website and agency, bureau, division, and regional office reports.

PERFORMANCE MEASURE 1.4.2

ADVOCACY COMMENTS AND AMICUS BRIEFS ON CONSUMER PROTECTION ISSUES FILED WITH ENTITIES INCLUDING FEDERAL AND STATE LEGISLATURES, AGENCIES, OR COURTS.

2013	*Target*	*6*
2012	*Target*	*6*
2011	**Target**	**6**
	Actual	**3**
2010	**Target**	**6**
	Actual	**6**

TARGET NOT MET.

In FY 2011, the FTC filed advocacy comments and amicus briefs on consumer protection issues such as third-party debt collector practices, telemarketing calls, and the Home Mortgage Disclosure Act.

While the agency did not meet the target for filing consumer protection-related briefs and comments, it greatly exceeded the target for filing competition-related briefs and comments (see discussion of Key Measure 2.3.3 on page 86).

These performance results highlight the inherent unpredictability of the types and number of consumer protection issues that might arise before federal and state government bodies and therefore the types of comments and briefs that the agency might file in response.

The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles.

Data Source: Internal matter records of advocacy comments and amicus briefs filed.

PERFORMANCE MEASURE 1.4.3

THE PERCENTAGE OF RESPONDENTS FINDING THE FTC'S ADVOCACY COMMENTS AND AMICUS BRIEFS "USEFUL." (OUTCOME MEASURE)

2013	*Target*	*50.0%*	**TARGET EXCEEDED.** The FTC mails advocacy recipients a survey designed to gauge the usefulness of agency advocacy comments and amicus briefs. "Usefulness" is assessed by the recipient. The target percentage recognizes that comments critiquing a recipient's proposed action may not be assessed positively. In FY 2011, 1 of 1 survey respondents classified the FTC's submissions as useful. The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles. *Data Source: A formal written survey distributed to advocacy recipients.*
2012	*Target*	*50.0%*	
2011	**Target**	50.0%	
	Actual	100.0%	
2010	**Target**	50.0%	
	Actual	100.0%	

KEY MEASURE 1.4.4

THE PERCENTAGE OF PROPOSED ADMINISTRATIVE PROCEDURE ACT (APA) RULEMAKINGS, CONDUCTED SOLELY BY THE FTC, COMPLETED WITHIN NINE MONTHS OF RECEIPT OF FINAL COMMENTS IN THE FINAL NOTICE OF PROPOSED RULEMAKING. (EFFICIENCY MEASURE).

2013	*Target*	*75.0%*	**TARGET EXCEEDED.** Of the six rulemakings completed in FY 2011, five were completed within nine months of receipt of final comments in the Final Notice of Proposed Rulemaking. Rulemakings are considered completed on the dates the Commission votes on the rules. The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles. *Data Source: The Federal Register and the FTC website.*
2012	*Target*	*75.0%*	
2011	**Target**	75.0%	
	Actual	83.3%	
2010	**Target**	75.0%	
	Actual	100.0%	

OBJECTIVE 1.5: PROTECT AMERICAN CONSUMERS IN THE GLOBAL MARKETPLACE BY PROVIDING SOUND POLICY AND TECHNICAL INPUT TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS TO PROMOTE SOUND CONSUMER POLICY.

A myriad of issues—spam, phishing, spyware, telemarketing fraud, identity theft, data security, and privacy—cross national borders. The resulting challenges require the FTC to cooperate with counterparts in foreign agencies and international organizations.

Our Strategy

To achieve this objective, the FTC pursues the development of an international consumer protection model that focuses on protecting consumers while maximizing economic benefit and consumer choice.

The agency also focuses on understanding cutting-edge issues in technology and globalization that present challenges to American consumer interests. The agency influences policy development and implementation by advising multilateral organizations, regional entities, and foreign government agencies through substantive consultations and written comments. And finally, the FTC provides technical assistance to newer consumer protection agencies to enhance their ability to apply sound consumer protection policies.

Performance Results

The FTC uses two measures to assess the performance of this objective. Key Measure 1.5.1 and Performance Measure 1.5.2 address the scope of agency contact with international counterparts and help determine if agency efforts are sufficiently broad-based.

KEY MEASURE 1.5.1

POLICY ADVICE PROVIDED TO FOREIGN CONSUMER PROTECTION AND PRIVACY AGENCIES, DIRECTLY AND THROUGH INTERNATIONAL ORGANIZATIONS, THROUGH SUBSTANTIVE CONSULTATIONS, WRITTEN SUBMISSIONS, OR COMMENTS. (OUTPUT MEASURE)

2013	*Target*	*40*
2012	*Target*	*40*
2011	**Target**	**40**
	Actual	**52**
2010	**Target**	**40**
	Actual	**64**

TARGET EXCEEDED.

In FY 2011, the FTC provided policy advice in 52 instances through consultations, written submissions, or comments. Enhanced engagement with new and developing foreign consumer protection and privacy agencies, as well as participation in additional international organizations that are now working on consumer protection and privacy issues, has resulted in an increased demand for the FTC's policy advice.

The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles.

Data Source: Information on the international activities of the FTC is produced by the agency's Office of International Affairs.

PERFORMANCE MEASURE 1.5.2

TECHNICAL ASSISTANCE TO FOREIGN CONSUMER PROTECTION AND PRIVACY AUTHORITIES. (OUTPUT MEASURE)

2013	*Target*	*8*
2012	*Target*	*8*
2011	**Target**	**8**
	Actual	**15**
2010	**Target**	**8**
	Actual	**23**

TARGET EXCEEDED.

In FY 2011, the FTC conducted 14 technical assistance missions and hosted one international fellow relating to the consumer protection mission. The FTC received funding from the U.S. Agency for International Development to conduct consumer protection technical assistance missions in Central America, the Dominican Republic, Africa (including South Africa) and Vietnam. Four of the technical assistance missions and the international fellow were funded by the U.S. Agency for International Development.

The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles.

Data Source: Office of International Affairs technical assistance calendar.

Resources Utilized—Strategic Goal 1

(DOLLARS SHOWN IN MILLIONS.)

	2007	2008	2009	2010	2011
Full-Time Equivalents	570	591	597	621	633
Obligations	$126	$140	$152	$168	$166
Net Cost	$105	$124	$131	$144	$155

Note: Differences between these obligations and net costs and the financial statements are due to rounding.

STRATEGIC GOAL 2: MAINTAIN COMPETITION

Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace.

I. Strategic View

A key function of the FTC is to protect and strengthen the free and open markets that are the cornerstone of a vibrant economy. Aggressive competition among sellers in an open marketplace gives consumers the benefit of lower prices, higher quality products and services, maximum choice, and innovation leading to beneficial new products and services. The FTC seeks to promote vigorous competition by using the antitrust laws to prevent anticompetitive mergers and to stop business practices that diminish competition, such as agreements among competitors about prices or other aspects of competition (referred to as nonmerger enforcement). The agency applies four related objectives to achieve this broad-reaching goal.

OBJECTIVE 2.1: TAKE ACTION AGAINST ANTICOMPETITIVE MERGERS AND PRACTICES THAT MAY CAUSE SIGNIFICANT CONSUMER INJURY.

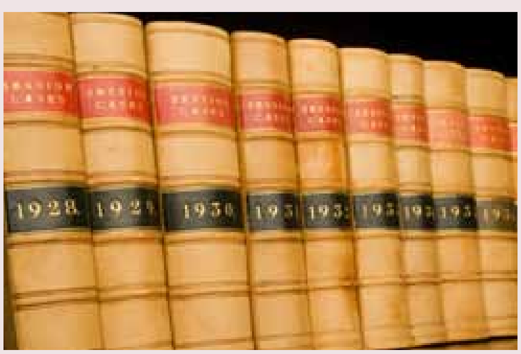
The FTC takes action against mergers and business practices that have resulted in or are likely to result in anticompetitive effects. Agency staff conducts thorough factual investigations and applies legal and economic analysis to distinguish between actions that threaten the operation of free markets and those actions that are benign or procompetitive.

OBJECTIVE 2.2: PREVENT CONSUMER INJURY THROUGH EDUCATION.

The FTC seeks to prevent anticompetitive activity by educating businesses and consumers about the antitrust laws and the FTC's efforts to ensure competitive markets.

OBJECTIVE 2.3: ENHANCE CONSUMER BENEFIT THROUGH RESEARCH, REPORTS, AND ADVOCACY.

The FTC seeks to advance its mission to maintain competition and enhance consumer welfare by gathering, analyzing, and making public certain information concerning the nature of competition as it affects U.S. commerce.



WHAT IS ANTITRUST?

The word "antitrust" dates from the late 1800s, when powerful companies dominated industries such as steel, oil, and tobacco, working together as "trusts" to stifle competition. Thus, laws aimed at protecting competition have long been labeled "antitrust laws." Fast forward to the 21st century: You hear "antitrust" in news stories about competitors merging or companies conspiring to reduce competition. The FTC enforces antitrust laws by challenging business practices that could hurt consumers by resulting in higher prices, lower quality, or fewer goods or services.

OBJECTIVE 2.4: PROTECT AMERICAN CONSUMERS IN THE GLOBAL MARKETPLACE BY PROVIDING SOUND POLICY RECOMMENDATIONS AND TECHNICAL ADVICE TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS TO PROMOTE SOUND COMPETITION POLICY.

The FTC continues to build cooperative relationships with foreign antitrust agencies to ensure close collaboration on cross-border cases and convergence toward sound competition policies.

II. Strategic Analysis

OBJECTIVE 2.1: TAKE ACTION AGAINST ANTICOMPETITIVE MERGERS AND PRACTICES THAT MAY CAUSE SIGNIFICANT CONSUMER INJURY.

Taking action against anticompetitive mergers and anticompetitive business conduct is the first step in effective antitrust enforcement.

Our Strategy

The FTC seeks to identify and take action against anticompetitive mergers and practices with as much accuracy as possible. While certain business conduct (such as price fixing among competitors) is clearly anticompetitive, mergers and many other forms of business conduct can benefit, harm, or have no effect on consumers. Consequently, both under- and over enforcement can harm consumers' interests. The agency seeks to take enforcement action against transactions or practices that harm, or are likely to harm, consumers. At the same time, the agency seeks to avoid taking actions that prevent businesses from completing transactions or engaging in practices that fundamentally benefit consumers or have no competitive effect. The FTC also tries to identify enforcement targets as efficiently as possible so that it can devote the bulk of its resources to further investigation of, and possible challenge to, the most problematic mergers and practices. A related, but important, consideration is to conduct each inquiry in a way that minimizes the cost or inconvenience to businesses, while still enabling the agency to gather sufficient information to support each enforcement decision. Given the agency's limited resources, the FTC directs much of its attention and resources to certain segments of the economy that are particularly important to consumers and in which it has particular expertise. These include health care, pharmaceuticals, energy, real estate, and technology.

THE FTC PRESERVES COMPETITION IN SERVICES FOR ACUTE INPATIENT PSYCHIATRIC SERVICES

As part of its ongoing efforts to promote competition in health care markets, the FTC required Universal Health Services, Inc., one of the nation's largest hospital management companies, to sell 15 psychiatric facilities as a condition of its $3.1 billion acquisition of Psychiatric Solutions, Inc. As originally proposed, the acquisition would have reduced competition in the provision of acute inpatient psychiatric services in three local markets: Delaware, Puerto Rico, and metropolitan Las Vegas, Nevada. According to the FTC, the proposed acquisition would have significantly increased Universal Health's market power in these areas, increasing its ability to impose price increases and reducing its incentives to improve services. To learn more, visit www.ftc.gov/os/caselist/1010142/index.shtm.

MERGER ACTIVITIES

The premerger notification requirements of the Hart-Scott-Rodino (HSR) Act provide the FTC with an effective starting point for identifying potentially anticompetitive mergers, acquisitions, and joint ventures (collectively referred to as mergers) before they are consummated. The HSR Act requires companies to report certain proposed mergers to the FTC and the DOJ, which jointly enforce the HSR Act, and wait for a specified period (usually 30 days) to allow for antitrust review. The FTC staff examines each transaction to determine whether it poses a threat to competition. In most cases, a reasonable judgment can be made about whether the merger has the potential to be anticompetitive based on the materials filed with the HSR Act notification. In other cases, a formal request for additional information may be issued by the FTC. This is referred to as a "second request." Because the parties may consummate a transaction after substantially complying with the second request and waiting for a short time period (usually 30 days), a second request investigation typically requires a significant investment of resources by the FTC. The agency must act quickly to gather and review information to make a decision on whether to pursue enforcement action to block a merger within the timeframe set out by the HSR Act and rules.

To stop potentially anticompetitive mergers and practices through law enforcement, the FTC seeks legal remedies under the antitrust laws through federal court action, administrative proceedings, or negotiated settlements. For mergers, the most effective and cost efficient strategy has been to prevent anticompetitive mergers before they occur. The agency has implemented this strategy primarily through its authority to seek federal court injunctions preventing these transactions. In many cases, the merging parties elect not to defend a court challenge and instead agree to resolve competitive concerns through a consent agreement. This approach is suitable when the competitive problem relates to only a portion of the transaction, such that a divestiture of assets will be sufficient to preserve or restore competition while allowing other competitively neutral or beneficial aspects of the merger to go forward. In other instances, the parties may abandon a transaction after assessing the likely outcome of an the FTC court challenge.

When a merger already has been consummated, the FTC generally relies on administrative litigation to restore competition lost as a result of the merger. While the major HSR Act amendments in 2001 reduced the number of mergers subject to the advance reporting requirement, they did not change the standard of legality for mergers. Whereas the vast majority of potentially problematic mergers continue to be subject to the revised HSR filing requirements, smaller merger

THE FTC PUTS CONDITIONS ON SIMON PROPERTY GROUP'S ACQUISITION OF PRIME OUTLETS

The Federal Trade Commission is requiring Simon Property Group, Inc. to divest property and modify tenant leases as part of a settlement designed to preserve outlet center competition in parts of southwest Ohio, Chicago, Illinois, and Orlando, Florida, in the wake of Simon's purchase of Prime Outlets Acquisition Company, LLC. To learn more, visit www.ftc.gov/os/caselist/1010061/index.shtm transactions may still be anticompetitive. Consequently, the FTC continues to devote attention to the identification of unreported, usually consummated, mergers that could harm consumers. In FY 2011, the agency successfully challenged one such transaction. This effort involves monitoring trade press, industry sources, and the internet to stay informed of industry developments; following up on case leads from Congressional offices, other Executive Branch agencies, and state and local governments; and encouraging consumers, businesses, and attorneys to notify the FTC of possible anticompetitive mergers.

NONMERGER ACTIVITIES.

In the nonmerger area, agency staff reviews complaints received from consumers, businesses, Congressional offices, and elsewhere to identify potentially anticompetitive nonmerger business practices. In addition, the FTC has pursued a "positive agenda" of planned initiatives; that is, the agency has taken a systematic and proactive approach to identify specific conduct likely to pose the greatest threat to consumer welfare. The focus continues to be on the types of practices, such as agreements among competitors, which are most likely to harm consumers.

In deploying its enforcement resources, the agency focuses on sectors of the economy, such as health care, energy, real estate, or high technology, that have a significant impact on consumers' daily lives. Also, the agency considers the deterrent effects of antitrust enforcement on businesses and whether the FTC has enforcement experience in an area that will enable the agency to make an impact quickly and efficiently. Finally, consideration is given to whether the matter presents an opportunity to contribute positively to the development of antitrust law.

In nonmerger matters, the FTC seeks to take action against ongoing activity that harms competition. The

THE FTC REQUIRES DIVESTITURES TO PROTECT CONSUMERS OF PLASMA-DERIVED DRUGS

Drugs derived from human plasma (a component of blood) are used to treat diseases and disorders including immune deficiencies, neurological disorders, and hemophilia. Some of these drugs are also used to prime heart valves during cardiac surgery, treat burn victims, and replace proteins in patients suffering from liver failure.

In a settlement taken to preserve competition and protect U.S. consumers from higher health care costs, the Federal Trade Commission challenged Grifols S.A.'s proposed acquisition of Talecris Biotherapeutics Holdings Corp, a leading plasma-derived drug manufacturer, arguing that it would be anticompetitive and would violate federal antitrust laws. In its complaint, the FTC alleges that the proposed acquisition would eliminate direct competition for the products in three classes of plasma-derived drugs. With fewer competitors in the market, those remaining could more easily work together through coordinated interaction to reduce supply and raise prices for consumers. The settlement will require Grifols, S.A., a manufacturer of plasma-derived drugs, to make significant divestitures as part of a settlement allowing Grifols to acquire a leading plasma-derived drug manufacturer.
To learn more, visit www.ftc.gov/os/caselist/1010153/index.shtm.

Commission may initiate administrative proceedings before an Administrative Law Judge to adjudicate the issues and establish a basis for an order that the parties "cease and desist" from anticompetitive conduct. The FTC also has the authority to seek relief in federal courts, although it historically has used this option sparingly in nonmerger matters. Again, the agency is often able to negotiate a consent agreement with the parties that remedies the problem without need for litigation.

In both merger and nonmerger matters, thorough investigation and sophisticated legal and economic analysis are of critical importance to ensure accurate assessment of the potential for competitive harm resulting from the transaction or conduct in question and, if necessary, demonstrate the likelihood of harm before an adjudicative body. When the FTC concludes that the likelihood of such harm indicates a law violation, and no settlement is possible, the Commission authorizes its staff to litigate the matter. The frequency with which the agency prevails in litigation or secures a consent order to restore competition is an important indicator of its success in producing tangible benefits for consumers.

This is not to say that the FTC, or any law enforcement agency, should win every case. The Commission issues complaints when, based on the findings of staff investigations, it has "reason to believe" a merger or conduct is anticompetitive. Some cases involve very close issues, on which reasonable minds can and do differ. Other cases may be very difficult from a litigation standpoint, but are still worth pursuing. The FTC's antitrust challenges are defended by highly competent and well-financed counsel. In addition, the FTC's responsibilities include taking action to help shape the development of the antitrust laws. To fulfill this duty, the agency inevitably must bring cases that pose litigation risks, especially where there is no clear

THE FTC RECOMMENDS IMPROVEMENTS TO INTELLECTUAL PROPERTY (IP) PATENT NOTICES AND INFRINGEMENTS POLICIES

In March 2011, the FTC issued the report, The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition, which describes how the patent system both supports the trend toward more open innovation and collaboration and deters innovation through the costs imposed by patent assertions entities, sometimes called "patent trolls." In response to the benefits and problems of the patent system, the report recommends changes to improve the policies governing patent notice (how well a patent informs the public of what technology is protected) and remedies for patent infringement (damages and injunctions). The recommended changes would improve how patent law and competition policy further their common goals of enhancing consumer welfare and promoting innovation. The report is based on eight days of public hearings, public comment and independent research.
To learn more, visit www.ftc.gov/bc/workshops/ipmarketplace/.

precedent and the FTC is seeking to establish a new legal principle. The FTC also helps consumers and businesses by bringing cases to clarify, or improve upon, existing precedent.

Performance Results

The key performance measure under this objective relates to actions taken in a significant percentage of substantial merger and nonmerger investigations. This translates into obtaining a positive result (i.e., litigated victories, consent orders, or abandoned transactions) in 40 to 60 percent of investigations that involved a second request or compulsory process, in the case of merger investigations, or which involved at least 150 hours of investigative effort, in the case of nonmerger investigations.

Success on this key outcome measure indicates that the FTC is effectively screening HSR reported mergers and nonmerger investigations to identify those that raise significant antitrust issues and warrant further investigation and possible enforcement action, while at the same time permitting deals or conduct that are neutral or beneficial to consumers to proceed unimpeded. This measure evaluates appropriate investigation, case selection, and resolution, as well as the crafting of sufficient and effective remedies.

The target range of 40 to 60 percent set for key Performance Measure 2.1.1 reflects the reality that the FTC conducts substantial merger and nonmerger investigations when it believes that a merger or conduct may be anticompetitive, but that not all such investigations should lead to an enforcement action or a positive result. Indeed, the existence of a minimum and maximum value recognizes the possibility that the FTC may find itself under- or over-enforcing the competition laws, while the magnitude of the spread between these two values serves to identify a band within which the agency's performance can be reasonably expected to vary. From this perspective, setting the range at too high a level could be detrimental if the effect were to deter the agency from bringing important, but risky, cases, while setting the range at too low a level could be detrimental as well, if the effect were to incentivize the agency to bring marginal cases.

Of the remaining measures under this objective, six relate directly to Performance Measure 2.1.1 in that they measure the impact of the agency's actions, in terms of the magnitude of the affected markets and the associated consumer benefits, as well as the efficiency with which these same actions were undertaken. Whereas the consumer savings measures are designed to assess the ultimate outcome, or impact, of the FTC's actions in protecting consumers and promoting vigorous competition, by quantifying the impact of the FTC's enforcement actions on consumer welfare, the volume of commerce measures are intended to give an indication of the economic significance of the relevant product markets.

For both merger and nonmerger actions, the FTC measures the volume of commerce and estimates consumer savings in markets in which it obtains a positive result as an indicator of the scope of the FTC's antitrust enforcement activities. External factors, such as level of merger activity, and internal ones, such as the duration of nonmerger investigations, may cause these results to fluctuate significantly from year to year. Consequently, the two volume-of-commerce targets (Performance Measures 2.1.3 and 2.1.6) and the two consumer savings targets (Performance Measures 2.1.2 and 2.1.5) are assessed each year by calculating the average of current year plus the previous four years. In addition to measuring consumer savings in absolute terms, the agency uses efficiency measures that state the FTC will try to save consumers more than the amount of agency resources allocated to the merger and nonmerger programs (Performance Measures 2.1.4 and 2.1.7).

The final measure under this objective addresses the international dimension of the agency's law enforcement efforts by tracking the percentage of cases in which the FTC had at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.

KEY MEASURE 2.1.1

ACTIONS TO MAINTAIN COMPETITION, INCLUDING LITIGATED VICTORIES, CONSENT ORDERS, ABANDONED TRANSACTION REMEDIES, RESTRUCTURED TRANSACTION REMEDIES, OR FIX-IT-FIRST TRANSACTION REMEDIES IN A SIGNIFICANT PERCENTAGE OF SUBSTANTIAL MERGER AND NONMERGER INVESTIGATIONS. (OUTCOME MEASURE)

2013	*Target*	*40.0–60.0%*
2012	*Target*	*40.0–60.0%*
2011	**Target**	**40.0–60.0%**
	Actual	**31.8%**
2010	**Target**	**40.0–60.0%**
	Actual	**40.0%[1]**

TARGET NOT MET.

The agency took action to maintain competition in 14 of the 44 substantial merger and nonmerger investigations that were closed in FY 2011. These 14 actions consist of nine consents, four merger transactions that were withdrawn or abandoned as a consequence of the antitrust concerns raised during the investigation, and one matter won on appeal. This corresponds to 12 merger matters and two nonmerger matters. Of the 30 substantial investigations that were closed without an action, which includes litigation losses, 14 involved a nonmerger matter and 16 a merger matter.

Though the agency did not meet the target in FY 2011, it should be noted that in addition to the actions listed above, the Commission also obtained a consent in one additional merger investigation and one restructured transaction that are excluded from this measure since they did not involve the use of compulsory process. (Compulsory Process refers to a resolution, or vote, adopted by the Commission that authorizes staff to issue subpoenas and civil investigative demands (CIDs); it is the adoption of a Compulsory Process resolution that would have made these cases fall under the definition of substantial as specified by this measure.)

In addition, during FY 2011, the Commission issued two administrative complaints challenging hospital mergers it had reason to believe were anticompetitive. Since these matters are still pending before an Administrative Law Judge, however, they are excluded from this measure, even though they represent a significant investment of agency resources.

Data Source: Information to identify "actions to maintain competition" is obtained from press releases, various agency and Bureau databases, and internal communications. Press releases are the source of information for public actions, such as consent orders and the results of judicial review, while internal databases are used to identify those matters that were closed without an action being taken and to determine if an investigation meets the substantiality criteria (i.e., if a second request was issued or whether compulsory process was authorized for merger investigations, and the number of hours that staff logged to a particular investigation for nonmerger investigations).

[1] This is a correction to results reported in the FY 2010 PAR. The results should have been based on 23 out of 58 cases, or 40%. The FY 2010 PAR reports actuals on 22 of 57 cases, or 39%.

PERFORMANCE MEASURE 2.1.2

CONSUMER SAVINGS OF AT LEAST $500 MILLION THROUGH MERGER ACTIONS TO MAINTAIN COMPETITION. (OUTCOME MEASURE – NUMBERS SHOWN IN MILLIONS)

2013	*Target*	*$500.0*
2012	*Target*	*$500.0*
2011	**Target**	**$500.0**
	Actual	**$531.5**
2010	**Target**	**$500.0**
	Actual	**$586.0**
2009	**Target**	**$500.0**
	Actual	**$791.0**
2008	**Target**	**$500.0**
	Actual	**$360.0**
2007	**Target**	**$500.0**
	Actual	**$805.0**
2006	**Target**	N/A
	Actual	N/A

TARGET EXCEEDED.

IIn FY 2011, the FTC exceeded the target, saving consumers an estimated $531.5 million, as calculated using the average consumer savings for the current fiscal year and the previous four years.

Data Source: Estimates of consumer savings associated with merger actions are prepared by the lead attorney responsible for an individual investigation, and subsequently subject to review by staff economists. In the absence of case specific information (such as price and sales data), the estimate is generated using the volume of commerce in the affected markets as a basis for the calculation.

PERFORMANCE MEASURE 2.1.3

ACTIONS AGAINST MERGERS LIKELY TO HARM COMPETITION IN MARKETS WITH A TOTAL OF AT LEAST $25 BILLION IN SALES. (OUTCOME MEASURE - NUMBERS SHOWN IN BILLIONS.)

2013	*Target*	*$25.0*
2012	*Target*	*$25.0*
2011	**Target**	**$25.0**
	Actual	**$22.7**
2010	**Target**	**$25.0**
	Actual	**$22.5**
2009	**Target**	**$25.0**
	Actual	**$22.3**
2008	**Target**	**$25.0**
	Actual	**$14.9**
2007	**Target**	**$25.0**
	Actual	**$42.6**
2006	**Target**	**$40.0**
	Actual	**$13.4**

TARGET NOT MET.

The FTC's positive merger results affected markets in which the total estimated volume of commerce was approximately $22.7 billion, or 90.8% of the annual target, as calculated using the average of the current fiscal volume of commerce year and the previous four years. During FY 2011, the FTC obtained positive results in 12 merger matters, resulting in eight consent agreements, and four transactions that were abandoned based on the antitrust concerns raised by staff during the course of the investigation. In the case of consent agreements, the actions taken by the FTC consist primarily of structural remedies, accompanied in some cases by conditions restricting the future conduct of the merged entity. In all eight consent agreements in FY 2011, the parties agreed to divest certain crucial assets to resolve the competitive concerns raised by the Commission.

Although the agency did not meet the target in FY 2011, as in the case of Performance Measure 2.1.1, it should be noted that there were two additional merger investigations, which were resolved with a consent or a restructured transaction, but are excluded from this measure because they did not involve the use of compulsory process.

Data Source: Estimates of the volume of commerce associated with merger actions are prepared by the lead attorney responsible for an individual investigation, and subsequently subject to review by staff economists. The estimate is generated using the volume of commerce for the affected markets using public sources and confidential data submitted by the parties during the course of the investigations.

PERFORMANCE MEASURE 2.1.4

CONSUMER SAVINGS OF AT LEAST SIX TIMES THE AMOUNT OF FTC RESOURCES ALLOCATED TO THE MERGER PROGRAM. (EFFICIENCY MEASURE)

2013	*Target*	*600.0%*
2012	*Target*	*600.0%*
2011	**Target**	600.0%
	Actual	1,417.3%
2010	**Target**	600.0%
	Actual	1,670.0%
2009	**Target**	600.0%
	Actual	2,132.0%
2008	**Target**	600.0%
	Actual	1,121.0%
2007	**Target**	600.0%
	Actual	2,500.0%
2006	**Target**	N/A
	Actual	N/A

TARGET EXCEEDED.

During FY 2011, the agency saved consumers approximately 14 times the amount of resources devoted to the merger program, as calculated using the five-year average consumer savings obtained under Performance Measure 2.1.2 ($531.5 million) divided into the amount of resources used in the current fiscal year. This result is in large part determined by the presence of several enforcement actions over the last four years in the pharmaceutical industry, which involved significantly sized relevant product markets.

Due to the extent by which the FTC exceeded this target in FY 2011 and prior years, the agency reevaluated the target and plans to update the performance plan, significantly increasing the target for FY 2012 and the following two years. The FTC's FY 2012 PAR will contain the updated targets.

Data Source: The ratio of consumer savings in merger actions to the amount of resources allocated to the merger program is calculated using data on consumer savings obtained under Performance Measure 2.1.2, divided into the amount of monetary resources expended on the merger program as reported by the FTC's Financial Management Office.

Performance Section

PERFORMANCE MEASURE 2.1.5

CONSUMER SAVINGS OF AT LEAST $80 MILLION THROUGH NONMERGER ACTIONS TAKEN TO MAINTAIN COMPETITION. (OUTCOME MEASURE – NUMBERS SHOWN IN MILLIONS)

2013	*Target*	*$80.0*
2012	*Target*	*$80.0*
2011	**Target**	**$80.0**
	Actual	**$444.9**
2010	**Target**	**$80.0**
	Actual	**$508.0**
2009	**Target**	**$80.0**
	Actual	**$188.0**
2008	**Target**	**$80.0**
	Actual	**$28.0**
2007	**Target**	**$80.0**
	Actual	**$75.0**
2006	**Target**	N/A
	Actual	N/A

TARGET EXCEEDED.

In FY 2011, the FTC obtained estimated savings to consumers of approximately $444.9 million, as calculated using the average consumer savings of the current fiscal year and the previous four years.

The reason that the agency has exceeded the target by such a margin is in large part attributable to one particular case, which involved Intel Corporation, the world's leading computer chip maker, who was charged with illegally using its dominant market position for a decade to stifle competition and strengthen its monopoly. Because of how this measure is calculated, this particular case will continue to influence the performance results under this measure for the next three fiscal years. Due to this situation, the agency reevaluated the target and plans to update the performance plan, significantly increasing the target for FY 2012 and the following two years. The FTC's FY 2012 PAR will contain the updated targets.

Data Source: Estimates of consumer savings associated with nonmerger actions are prepared by the lead attorney responsible for an individual investigation, and subsequently subject to review by staff economists. In the absence of case specific information (such as price and sales data), the estimate is generated using the volume of commerce in the affected markets as a basis for the calculation.

PERFORMANCE MEASURE 2.1.6

ACTIONS AGAINST ANTICOMPETITIVE CONDUCT IN MARKETS WITH A TOTAL OF AT LEAST $8 BILLION IN ANNUAL SALES. (OUTCOME MEASURE – NUMBERS SHOWN IN BILLIONS)

2013	*Target*	*$8.0*
2012	*Target*	*$8.0*
2011	**Target**	**$8.0**
	Actual	**$11.6**
2010	**Target**	**$8.0**
	Actual	**$11.7**
2009	**Target**	**$8.0**
	Actual	**$14.6**
2008	**Target**	**$8.0**
	Actual	**$0.4**
2007	**Target**	**$8.0**
	Actual	**$2.6**
2006	**Target**	**$20.0**
	Actual	**$1.4**

TARGET EXCEEDED.

The FTC's positive nonmerger results affected markets in which the total estimated volume of commerce was approximately $11.6 billion, almost 1.5 times the targeted amount, as calculated using the volume of commerce of the current fiscal year and the previous four years. During FY 2011, the FTC obtained positive results in two nonmerger matters.

As mentioned under Performance Measure 2.1.5, the reason that the agency has exceeded the target by such a margin is in large part attributable to one particular case, which involved Intel Corporation.

Because of how this measure is calculated, this particular case will continue to influence the performance results under this measure for the next three fiscal years. Due to this situation, the agency reevaluated the target and plans to update the performance plan, significantly increasing the target for FY 2012 and the following two years. The FTC's FY 2012 PAR will contain the updated targets.

Data Source: Estimates of the volume of commerce associated with nonmerger actions are prepared by the lead attorney responsible for an individual investigation, and subsequently subject to review by staff economists. The estimate is generated using the volume of commerce for the affected markets using public sources and confidential data submitted by the parties during the course of the investigations.

Performance Section

PERFORMANCE MEASURE 2.1.7

CONSUMER SAVINGS OF AT LEAST FOUR TIMES THE AMOUNT OF FTC RESOURCES ALLOCATED TO THE NONMERGER PROGRAM. (EFFICIENCY MEASURE)

2013	*Target*	*400.0%*
2012	*Target*	*400.0%*
2011	**Target**	400.0%
	Actual	1,917.7%
2010	**Target**	400.0%
	Actual	2,418.0%
2009	**Target**	400.0%
	Actual	1,035.0%
2008	**Target**	400.0%
	Actual	164.0%
2007	**Target**	400.0%
	Actual	424.0%
2006	**Target**	N/A
	Actual	N/A

TARGET EXCEEDED.

During FY 2011, the agency saved consumers approximately 19 times the amount of resources it devoted to the nonmerger enforcement program. This is largely attributable to the consumer savings from one particular case from FY 2010 involving Intel Corporation.

Because this particular case will continue to influence the performance results under this measure for the next three fiscal years, the agency reevaluated the target and plans to update the performance plan, significantly increasing the target for FY 2012 and the following two years. The FTC's FY 2012 PAR will contain the updated targets.

Data Source: The ratio of consumer savings in nonmerger enforcement actions to the amount of resources allocated to the merger program is calculated using data on the five-year average consumer savings obtained under Performance Measure 2.1.5 ($444.9 million), divided into the amount of monetary resources expended on the nonmerger program as reported by the FTC's Financial Management Office.

PERFORMANCE MEASURE 2.1.8

THE PERCENTAGE OF CASES IN WHICH THE FTC HAD AT LEAST ONE SUBSTANTIVE CONTACT WITH A FOREIGN ANTITRUST AUTHORITY IN WHICH THE AGENCIES FOLLOWED CONSISTENT ANALYTICAL APPROACHES AND REACHED COMPATIBLE OUTCOMES. (OUTCOME MEASURE)

2013	*Target*	*90.0%*
2012	*Target*	*90.0%*
2011	**Target**	90.0%
	Actual	100.0%
2010	**Target**	90.0%
	Actual	100.0%

TARGET EXCEEDED.

In FY 2011, the agency had almost 50 substantive contacts with counterpart agencies around the world including in Australia, Canada, China, Germany, Spain, France and Turkey. The agency obtained compatible outcomes in the 12 cases that were completed within the fiscal year. While the agency will continue to strive for 100% success, the target reflects the possibility of inconsistent outcomes, particularly as new antitrust agencies come on line. However, at this time the FTC believes that the target remains appropriate.

Data Source: Information on the international activities of the FTC is produced by the agency's Office of International Affairs.

OBJECTIVE 2.2: PREVENT CONSUMER INJURY THROUGH EDUCATION.

In addition to its law enforcement activity, the FTC provides substantial information to the business community and consumers about the role of the antitrust laws and businesses' obligations under those laws.

Our Strategy

The FTC uses education and outreach to increase business compliance, which helps prevent consumer injury, and augment its law enforcement efforts. The agency pursues this strategy through guidance to the business community; outreach efforts to federal, state, and local agencies, business groups, and consumers; development and publication of antitrust guidelines, policy statements, and reports; and speeches and testimony. By using these mechanisms to signal its enforcement policies and priorities, the FTC seeks to deter would-be violators of the antitrust laws. In its complaints, "analyses to aid public comment," and press releases, the agency explains the relevant facts and issues of cases in which it files complaints or obtains consent orders, so the nature of the competitive problems is clear.

Each successful enforcement action not only promotes competition in one or more relevant markets, but also serves to communicate to the business and legal communities that the FTC can and will take action to challenge similar transactions or conduct in the future. This information greatly facilitates antitrust lawyers' counseling of their clients and prevents many anticompetitive mergers from being proposed or anticompetitive practices from being implemented. In addition, the FTC educates the public through guidelines, Congressional or other types of testimony, conferences, speeches, hearings, and workshops (such as a series of workshops on Accountable Care Organizations established under the new health care law and another on intellectual property rights); advisory opinions (addressing, for example, the licensing requirements for limited service health care clinics); and reports (such as the reports on the ethanol market and on the role of patent law and competition policy in promoting innovation).

As a complement to the FTC enforcement activity, the agency also advises, when asked, other federal and state government officials about the possible effects that various regulatory and legislative proposals may have in creating, maintaining, or forestalling competitive markets. The FTC has a long and distinguished history in this area. The FTC advocates market-based solutions through the publication of studies and reports, and participation in state and federal legislative and regulatory fora.

The agency also participates as an amicus curiae (friend of the court) in judicial proceedings when substantial questions of antitrust law or competition policy are involved, especially when the FTC may add a different perspective to the deliberations because of its specialized knowledge or experience.

Finally, in an effort to continue educating consumers and businesses on the important role of competition in providing the most valuable and efficient mix of price, choice, and innovation, the FTC continues to publish reference and case-related documents. Another way the FTC achieves this goal is to improve how topical information, case materials, and reference documents are organized on its web site in an effort to aid visitors in searching for and finding relevant information and to continuously update the growing body of reference material.

Performance Results

The FTC uses one measure to assess its performance in preventing consumer injury through education. The key measure (Performance Measure 2.2.1) tracks the volume of traffic on the FTC website on antitrust-related pages that are relevant to policymakers, the business and legal communities, and the public at large. This performance measure is an indicator of the flow of information provided to the public. Successful outreach and education efforts, as reflected by this measure, will help consumers, because increased knowledge and understanding of the antitrust laws will help businesses stay in compliance. This measure also will help ensure that the agency engages in consumer, business, and international education that advances the culture of competition, which enhances consumer welfare.

The results of this measure indicate a significant continued public interest in the FTC and its Maintain Competition strategic goal. In addition, the broad and increasing distribution of educational and policy materials through electronic channels represents important leveraging of the agency's resources.

KEY MEASURE 2.2.1

COMPETITION RESOURCES ACCESSED VIA THE FTC'S WEBSITE. (OUTPUT MEASURE - NUMBERS SHOWN IN MILLIONS.)

2013	*Target*	*10.0*
2012	*Target*	*10.0*
2011	**Target**	**10.0**
	Actual	**22.6**
2010	**Target**	**10.0**
	Actual	**21.5**
2009	**Target**	**15.0**
	Actual	**11.9**
2008	**Target**	**15.0**
	Actual	**12.5**
2007	**Target**	**15.0**
	Actual	**15.7**
2006	**Target**	**10.0**
	Actual	**10.6**

TARGET EXCEEDED.

During FY 2011, the agency estimates that the hits on the FTC web site's competition resources number 22.6 million, which exceeds the established target by over 100%.

The target of 10 million was set by the agency in its last Strategic Plan, taking into account the new tracking software that the FTC uses to monitor web traffic on its website and by extrapolating from information on traffic flows in recent years.

Notwithstanding that the agency set the target at what it considered to be a reasonable level, the amount of traffic registered in FY 2011 and in FY 2010 has climbed to such an extent that the agency reevaluated the target and plans to update the performance plan, significantly increasing the target for FY 2012 and the following two years. The FTC's FY 2012 PAR will contain the updated targets.

Data Source: The agency's web statistics software.

OBJECTIVE 2.3: ENHANCE CONSUMER BENEFIT THROUGH RESEARCH, REPORTS, AND ADVOCACY.

As a complement to its activities aimed at preventing consumer injury through education, the FTC provides substantial information to the business community, policymakers, and consumers about the role of the antitrust laws and businesses' obligations under those laws.

Our Strategy

The FTC has unique jurisdiction to gather, analyze, and make public certain information concerning the nature of competition as it affects U.S. commerce. The FTC uses that authority to hold public hearings, convene conferences and workshops, conduct economic studies on competition issues of significant public importance, and issue reports of its findings. This authority advances the competition goal in numerous ways and is a fundamental component in the FTC's strategy to enhance consumer welfare. The agency uses the information it develops internally to refine the theoretical framework for analyzing competition issues and the empirical understanding of industry practices, which contributes substantially to an effective response to changing marketplace conditions. The information gained through this authority, combined with the agency's professional expertise on competition issues, also contributes to a better understanding of business practices and their competitive and economic implications by various entities, including the business sector, the legal community, other enforcement authorities, the judiciary, foreign competition agencies, and governmental decision makers and policymakers at the federal, state, and local levels. And finally, the FTC files comments with federal and state government bodies advocating policies that promote the interests of consumers and highlight the role of consumer and empirical research in their decision making. The FTC also files amicus briefs to aid courts' considerations of consumer protection issues.

THE FTC ISSUES NEW REPORT ON GASOLINE PRICES AND THE PETROLEUM INDUSTRY

The Federal Trade Commission issued a report focusing on competition in energy markets in which the agency explains why people often pay so much for gasoline. As the FTC Chairman Leibowitz stated: "Our report spells out the factors that determine what consumers pay at the pump, and why gas prices seem to 'rocket up' but 'feather down.' In addition to the price of crude oil, by far and away the largest factor in gasoline prices, the report looks at factors such as how fast retail gas prices adjust to changes in wholesale gas and crude oil prices; refinery profit margins; and the possible impact of futures speculation. It also examines the effect of OPEC – a cartel that tries to restrict oil output, and which would be a criminal conspiracy if it were run by companies rather than countries."

To learn more, visit www.ftc.gov/opa/2011/09/gasprices.shtm

Performance Results

The key measures used to gauge the FTC's success under this objective are the ones relating to conducting public hearings, conferences, and workshops (Performance Measure 2.3.1), issuing reports and studies on competition related issues (Performance Measure 2.3.2), and making advocacy filings (Performance Measure 2.3.3). These measures, in conjunction with Performance Measures 2.3.4, and 2.3.5, help to ensure that the agency is engaging in appropriate types and sufficient levels of research, reports, and advocacy and that they are relevant to consumers, policymakers, businesses, and the legal community. The target for these measures sets a minimum level of activity that the agency is expected to achieve.

KEY MEASURE 2.3.1

WORKSHOPS, SEMINARS, CONFERENCES, AND HEARINGS CONVENED OR COSPONSORED THAT INVOLVE SIGNIFICANT COMPETITION-RELATED ISSUES. (OUTPUT MEASURE)

2013	*Target*	*4*
2012	*Target*	*4*
2011	**Target**	4
	Actual	4
2010	**Target**	4
	Actual	6
2009	**Target**	4
	Actual	8
2008	**Target**	4
	Actual	5
2007	**Target**	4
	Actual	7
2006	**Target**	N/A
	Actual	N/A

TARGET MET.

During FY 2011, the FTC held four conferences on competition-related topics, including the legal issues raised by Accountable Care Organizations (ACOs) and the legal and policy issues relating to intellectual property rights and collaboratively set industry standards. The workshops on ACOs, cohosted with the Centers for Medicare & Medicaid Services and the Department of Health and Human Services' Office of Inspector General, brought together approximately 450 participants, including physicians, physician associations, hospitals, health systems, payers, consumers, and other interested parties. The workshop on intellectual property rights and standard setting brought together just under 100 attendees between industry representatives, trade associations, regulators and academicians.

Data Source: Information on conferences involving significant competition related issues is taken from the FTC website (www.ftc.gov/FTC/workshops.shtm).

KEY MEASURE 2.3.2

REPORTS AND STUDIES ISSUED ON KEY COMPETITION-RELATED TOPICS. (OUTPUT MEASURE)

2013	*Target*	*8*
2012	*Target*	*8*
2011	**Target**	8
	Actual	11
2010	**Target**	8
	Actual	9
2009	**Target**	8
	Actual	20
2008	**Target**	8
	Actual	7
2007	**Target**	8
	Actual	18
2006	**Target**	N/A
	Actual	N/A

TARGET EXCEEDED.

In FY 2011, the FTC issued 11 reports on competition-related matters, thus exceeding the annual target. The reports addressed topics such as the interaction between the patent system and competition policy in fostering innovation, the impact of authorized generic drugs, trends in the petroleum industry, ethanol market concentration, and oil and gas activities.

Data Source: Information on studies and reports on significant competition-related issues is taken from the FTC website (www.ftc.gov/be/research.shtm and www.ftc.gov/reports/index.shtm).

KEY MEASURE 2.3.3

ADVOCACY COMMENTS AND AMICUS BRIEFS ON COMPETITION ISSUES FILED WITH ENTITIES INCLUDING FEDERAL AND STATE LEGISLATURES, AGENCIES OR COURTS. (OUTPUT MEASURE)

2013	*Target*	*6*
2012	*Target*	*6*
2011	**Target**	**6**
	Actual	**16**
2010	**Target**	**6**
	Actual	**17**

TARGET EXCEEDED.

In FY 2011, the FTC filed advocacy comments and amicus briefs on competition issues such as cooperative agreements among health care providers, mail order pharmacies, and the sale of optical goods.

While the agency greatly exceeded the target for filing competition-related briefs and comments, it did not meet the target for filing consumer protection-related briefs and comments (see discussion of Performance Measure 1.4.2 on page 64). These performance results highlight the inherent unpredictability of the types and number of competition issues that might arise before federal and state government bodies and therefore the types of comments and briefs that the agency might file in response.

The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles.

Data Source: Internal matter records of advocacy comments and amicus briefs filed.

AUTHORIZED GENERIC DRUGS IMPACT COMPETITION AND REDUCE PRICES

The Federal Trade Commission issued a final report on authorized generic drugs that concludes when pharmaceutical companies introduce an authorized generic version of their brand-name drug, it can reduce both retail and wholesale drug prices. The report also found that authorized generics have a substantial effect on the revenues of competing generic firms. Over the longer term, by lowering expected profits for generic competitors, the introduction of an authorized generic could affect a generic drug company's decision to challenge patents on branded drug products with low sales. To learn more, visit www.ftc.gov/opa/2011/08/genericdrugs.shtm

PERFORMANCE MEASURE 2.3.4

THE PERCENTAGE OF RESPONDENTS FINDING THE FTC'S ADVOCACY COMMENTS AND AMICUS BRIEFS "USEFUL." (OUTCOME MEASURE)

2013	*Target*	*50.0%*
2012	*Target*	*50.0%*
2011	**Target**	**50.0%**
	Actual	**100.0%**
2010	**Target**	**50.0%**
	Actual	**100.0%**

TARGET EXCEEDED.

The FTC mails advocacy recipients a survey designed to gauge the usefulness of agency advocacy comments and amicus briefs. "Usefulness" is assessed by the recipient. The target percentage recognizes that comments critiquing a recipient's proposed action may not be assessed positively. In FY 2011, 5 of 5 survey responses classified the FTC's submissions as useful. The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles.

Data Source: A formal written survey distributed to advocacy recipients.

ASK WHAT THE FTC WOULD DO

The Bureau of Competition of the Federal Trade Commission has developed a guidance document for consumers and businesses who are considering filing a request for an advisory opinion from the FTC or its staff on competition topics. Advisory opinions allow requesters to obtain industry guidance where a matter involves a substantial or novel question of fact or law and there is no clear Commission or court precedent. Under the FTC's Rules of Practice, the FTC or its staff may offer industry guidance in the form of an advisory opinion, in response to a request involving a proposed course of conduct. The Rules also explain how to request confidential treatment for submitted materials. Advisory opinions serve a public informational function, in addition to their value to the requesters. To learn more, visit www.ftc.gov/bc/healthcare/industryguide/advop-general.pdf

PERFORMANCE MEASURE 2.3.5

THE VOLUME OF TRAFFIC ON WWW.FTC.GOV RELATING TO COMPETITION RESEARCH, REPORTS, AND ADVOCACY. (OUTPUT MEASURE – NUMBERS SHOWN IN MILLIONS.)

2013	*Target*	*1.7*
2012	*Target*	*1.7*
2011	**Target**	1.7
	Actual	1.8
2010	**Target**	1.7
	Actual	2.2
2009	**Target**	1.1
	Actual	1.6
2008	**Target**	1.1
	Actual	1.2
2007	**Target**	1.1
	Actual	1.1
2006	**Target**	N/A
	Actual	N/A

TARGET EXCEEDED.

This performance measure relates to the volume of traffic on the FTC's web pages that relate to competition research, reports, and advocacy. In FY 2011, approximately 1.8 million visits met the criteria set by this measure.

Data Source: The agency's web statistics software.

OBJECTIVE 2.4: PROTECT AMERICAN CONSUMERS IN THE GLOBAL MARKETPLACE BY PROVIDING SOUND POLICY RECOMMENDATIONS AND TECHNICAL ADVICE TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS TO PROMOTE SOUND COMPETITION POLICY.

The FTC seeks more effective, coordinated reviews of multijurisdictional mergers, and is working towards achieving consistent outcomes in cases of potential unilateral anticompetitive conduct.

Our Strategy

To achieve this objective, the agency participates in multilateral competition organizations, which provides valuable opportunities to promote international cooperation and convergence and for competition officials to share insights on law enforcement and policy initiatives. The FTC also pursues the development of an international market-based competition model that focuses on the maximization of consumer benefit. The agency influences policy development and implementation by advising multilateral organizations, regional entities, and foreign government agencies through substantive consultations and written comments. And finally, the FTC provides technical assistance to newer competition agencies to enhance their ability to apply sound competition policies.

Performance Results

The FTC uses two performance measures to assess performance for this objective. Key Measure 2.4.1 and Performance Measure 2.4.2 address the scope of our contact with international counterparts and help determine if our efforts are sufficiently broad-based.

U.S. AND CHINA SIGN HISTORIC MEMORANDUM OF UNDERSTANDING

In July, the FTC, the DOJ, and the three agencies responsible for enforcing China's Antimonopoly Law signed a historic Memorandum of Understanding (MOU) to denote a new era of cooperation between the antitrust agencies of the United States and China. The MOU provides for periodic high-level consultations among all five agencies as well as separate communications between individual agencies. "In the three years since China's antimonopoly law came into effect, its enforcement agencies have risen in prominence and have quickly developed many of the important analytical techniques used by leading antitrust agencies around the world," FTC Chairman Jon Leibowitz said. "We look forward to continuing to share our experiences with China's enforcement agencies as they confront many of the same challenges in implementing their laws that other agencies have faced, and we are confident that China will continue to build its agencies and enforcement mechanisms in positive ways." The MOU formalizes a robust relationship that has developed between the FTC and the Chinese agencies since well before the Antimonopoly Law was passed. The FTC has engaged in close policy dialogue with the Chinese agencies, conducted numerous training workshops for the Chinese agencies since 2007, and recently hosted a staff member from the Antimonopoly Bureau of the Ministry of Commerce under the FTC's International Fellows Program.

To learn more, visit www.ftc.gov/opa/2011/07/chinamou.shtm.

Performance Section

KEY MEASURE 2.4.1

POLICY ADVICE PROVIDED TO FOREIGN COMPETITION AGENCIES, DIRECTLY AND THROUGH INTERNATIONAL ORGANIZATIONS, THROUGH SUBSTANTIVE CONSULTATIONS, WRITTEN SUBMISSIONS, OR COMMENTS. (OUTPUT MEASURE)

2013	*Target*	*40*
2012	*Target*	*40*
2011	**Target**	40
	Actual	112
2010	**Target**	40
	Actual	76

TARGET EXCEEDED.

In FY 2011, the FTC provided policy advice to foreign competition agencies in over 100 instances through consultations, written submissions, or comments. The FTC's policy advice continues to grow as a result of the increasing number of jurisdictions enforcing competition laws, the FTC's participation in international organizations, and the FTC's growing engagement with key jurisdictions such as China, India, Mexico, and Brazil.

The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles.

Data Source: Information on the international activities of the FTC is produced by the agency's Office of International Affairs.

PERFORMANCE MEASURE 2.4.2

TECHNICAL ASSISTANCE PROVIDED TO FOREIGN COMPETITION AUTHORITIES. (OUTPUT MEASURE)

2013	*Target*	*10*
2012	*Target*	*10*
2011	**Target**	10
	Actual	27
2010	**Target**	10
	Actual	60

TARGET EXCEEDED.

In FY 2011, the FTC conducted 21 technical assistance missions and hosted six international Fellows. Thirteen of the technical assistance missions and two international Fellows were funded through outside sources such as from U.S. Agency for International Development and the U.S. Trade and Development Agency.

The agency will continue to monitor the target of this new measure and will reassess it after additional performance cycles.

Data Source: Office of International Affairs technical assistance calendar.

RESOURCES UTILIZED—STRATEGIC GOAL 2

(DOLLARS SHOWN IN MILLIONS.)

	2007	2008	2009	2010	2011
Full-Time Equivalents	489	502	509	512	522
Obligations	$94	$103	$113	$123	$125
Net Cost	($47)	$2	$68	$43	$37

Note: Differences between these obligations and net costs and the financial statements are due to rounding.

STRATEGIC GOAL 3: ADVANCE PERFORMANCE

Advance the FTC's performance through organizational, individual, and management excellence.

I. Strategic View

The FTC recognizes that a strong foundation of organizational, individual, and management excellence is a driver of mission success. The agency applies four objectives to achieve this goal. The objectives align with four key functional areas: human resources, infrastructure and security, information resources, and finance and acquisition.

OBJECTIVE 3.1: PROVIDE EFFECTIVE HUMAN RESOURCES MANAGEMENT.

The FTC uses an integrated approach that ensures human capital programs and policies are linked to our mission, goals, and strategies, while providing for continuous improvement in efficiency and effectiveness.

OBJECTIVE 3.2: PROVIDE EFFECTIVE INFRASTRUCTURE AND SECURITY MANAGEMENT.

Building, modernizing, and maintaining physical and information technology infrastructure ensures a safe and secure workplace to achieve mission goals, and to respond to and anticipate both routine and emergency agency requirements.

OBJECTIVE 3.3: PROVIDE EFFECTIVE INFORMATION RESOURCES MANAGEMENT.

The FTC recognizes that sound management of information resources is essential to meeting its strategic goals.

OBJECTIVE 3.4: PROVIDE EFFECTIVE FINANCIAL AND ACQUISITION MANAGEMENT.

Effective financial and acquisition management allows the FTC to protect American consumers and maintain competition in an accountable, transparent, and fiscally responsible manner.

II. Strategic Analysis

OBJECTIVE 3.1: PROVIDE EFFECTIVE HUMAN RESOURCES MANAGEMENT.

This objective aligns with the agency's Human Capital Plan that encompasses leadership and knowledge management, a results-oriented performance culture, talent management, and job satisfaction.

Our Strategy

The FTC recognizes that its employees are its greatest asset and places great emphasis on the importance of human resources management to the successful accomplishment of its mission. One of the key strategies used to achieve this objective entails implementing programs and processes that will enable the agency to recruit quickly, develop, and retain a qualified, diverse workforce through an integrated workforce plan. The FTC also uses the integrated workforce plan to identify and fulfill current and future human resources needs to carry out its mission and creates an agency-wide performance culture focused on individual and organizational accountability toward the achievement of the FTC's programmatic goals and priorities. Finally, the agency achieves this objective by providing human resources management training and outreach to staff.

Performance Results

Two performance measures, Performance Measure 3.1.1 and Performance Measure 3.1.2, are used to gauge achievement of this objective. These measures are based on results from the Federal Employee Viewpoint Survey administered by the U.S. Office of Personnel Management. The survey focuses on federal employees' perceptions of critical areas of their work life and workforce management, and measures factors that influence whether employees want to join, stay, and help their agency meet its mission. In FY 2011, the FTC had a response rate of 59 percent (597 of 1,012 employees responded) and continues to rank in the top tier of the 37 agencies surveyed that have more than 1,000 full-time employees. The survey includes 84 questions that measure how effectively agencies manage their workforces. The FTC ranked second of 37 agencies in Leadership and Knowledge Management, Results-Oriented Performance Culture, and Talent Management, and fifth of 37 agencies in Job Satisfaction. The FTC was at least five points higher than the government-wide average on 59 of the 84 questions, and did not fall more than five points below the government-wide average on any question.

PERFORMANCE MEASURE 3.1.1

THE EXTENT EMPLOYEES BELIEVE THEIR ORGANIZATIONAL CULTURE PROMOTES IMPROVEMENT IN PROCESSES, PRODUCTS AND SERVICES, AND ORGANIZATIONAL OUTCOMES. (OUTCOME MEASURE)

2013	*Target*	*Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index*	**TARGET MET.** The government-wide results were 54% and the FTC received 66%. Compared to 37 other departments and agencies with more than 1,000 full-time employees, the FTC took second place in Leadership and Knowledge Management and Results-Oriented Performance Culture. *Data Source: 2011 Federal Employee Viewpoint Survey.*
2012	*Target*	*Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index*	
2011	**Target**	**Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index**	
	Actual	**Exceeded**	
2010	**Target**	**Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index**	
	Actual	**Exceeded**	

KEY MEASURE 3.1.2

THE EXTENT EMPLOYEES THINK THE ORGANIZATION HAS THE TALENT NECESSARY TO ACHIEVE ORGANIZATIONAL GOALS. (OUTCOME MEASURE)

2013	*Target*	*Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index*	**TARGET MET.** The government-wide results were 60% and the FTC received 70%. Compared to 37 other departments and agencies with more than 1,000 full-time employees, the FTC took second place in Talent Management. *Data Source: 2011 Federal Employment Viewpoint Survey.*
2012	*Target*	*Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index*	
2011	**Target**	**Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index**	
	Actual	**Exceeded**	
2010	**Target**	**Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index**	
	Actual	**Exceeded**	

OBJECTIVE 3.2: PROVIDE EFFECTIVE INFRASTRUCTURE AND SECURITY MANAGEMENT.

Building, modernizing, and maintaining physical and information technology infrastructure ensures a safe and secure workplace.

Our Strategy

The FTC ensures a safe and secure workplace by promoting staff awareness, regularly participating in Continuity of Operations Plan (COOP) testing, and incorporating best practices from Federal Emergency Management Agency (FEMA) staff. COOP exercises have established a viable, tested infrastructure that can provide continuation of the FTC's mission along with a safe and secure environment for all staff in the event of an emergency.

Ensuring that the FTC has optimal informational technology (IT) infrastructure operations and performance is key to meeting the agency's business goals. The ability of the agency's Office of the Chief Information Officer (OCIO) to deliver value to the agency is dependent upon its ability to identify and provide a host of critical services of improved quality, at lower business risk, and with increased agility. To this end, OCIO is working to deploy a sophisticated suite of infrastructure operations performance monitoring tools, technology, and processes that will help achieve the agency goals.

Measuring and improving service delivery to bring positive business experiences and outcomes for the FTC is imperative. With ever-changing technology, including the potential for use of cloud computing, this must be accomplished in a growing, complex, and dynamic IT infrastructure and application environment.

Performance Results

Two performance measures are used to gauge achievement of this objective. First, the FTC uses FEMA's annual testing of COOP programs. The testing is captured as Performance Measure 3.2.1 and includes participation in the federal Executive Branch continuity alert, notification, and deployment procedures as well as interagency communications. The agency also annually reviews its continuity capability, as well as its ability to identify and prioritize essential functions and conduct operations from pre-planned alternate locations. Specifically, this measure represents performance in a series of exercises known as "Eagle Horizon." The exercises allow the Executive Branch to implement integrated, overlapping national continuity concepts in order to ensure the preservation of our government and the continuing performance of essential functions. These services provided by the government at all levels and the private sector affect the everyday lives of citizens and customers. The FTC's target is based on prior performance and the target of 75 percent represents management's commitment to reaching a realistic yet ambitious milestone.

In FY 2011, FEMA added more in-depth measurements of the inner workings of the agencies COOP program and this year's "table top" exercise, e.g., a condensed exercise, for all agencies was used to benchmark these new measurements. Most of these new measurements will be included in the full response exercise planned for FY 2012. The FTC has plans in place to address the new measurements.

A second Performance Measure, Key Measure 3.2.2, assesses performance of this objective by collecting and tracking the availability of key information technology applications, systems, and components. By tracking unplanned outage periods, the agency monitors the reliability and availability of almost 30 critical information technology services including: email, the FTC-specific and custom applications and systems, BlackBerry servers, Internet/Intranet, telecommunications (includes phone and voicemail services), Wide Area Network, the agency's website (www.ftc.gov), Secure Access for Employees, and enterprise-wide customer applications.

KEY MEASURE 3.2.1

A FAVORABLE CONTINUITY OF OPERATIONS (COOP) RATING. (OUTPUT MEASURE)

2013	*Target*	*75.0%*
2012	*Target*	*75.0%*
2011	**Target**	**75.0%**
	Actual	**75.0%**
2010	**Target**	**75.0%**
	Actual	**85.0%**

TARGET MET.

The FTC's grade of 75% for the Eagle Horizon program compared to last year reflects the agency's mixed response to new requirements implemented at the conclusion of last year's test. One of these new requirements involves moving much of the FTC network processes to an offsite computer facility. This disaster recovery related effort is intended to ensure the agency's continued support of the American consumer despite the availability of a specific building. To address this requirement, the agency will continue to look at possible cloud computing options that will meet disaster recovery needs specific to the FTC.

Data Source: FEMA's Continuity Evaluation Tool.

KEY MEASURE 3.2.2

AVAILABILITY OF INFORMATION TECHNOLOGY SYSTEMS. (OUTCOME MEASURE)

2013	*Target*	*99.5%*	**TARGET MET.** The FTC's information technology services pool averaged 99.82% availability, exceeding the target of 98.50%. The primary reason for the increase in uptime is a recent shift from older equipment to new virtual machines and centralized storage. The completion of the OCIO's Data Center Initiative and the implementation of other planned infrastructure upgrades during FY 2012 will improve system availability even further. OCIO will continue to replace outdated hardware and software, which has reached the end of its lifecycle, with new components that will provide high availability and quicker recovery. Note: Results for this performance measure are presented to two decimals because rounding the number materially changes the result. *Data Source: OCIO's Monthly System Availability Report.* [1]This is a correction to the results reported in the FY 2010 PAR, which showed the results for the final quarter of the fiscal year, or 99.86%, and not cumulative results.
2012	*Target*	*99.0%*	
2011	**Target**	**98.50%**	
	Actual	**99.82%**	
2010	**Target**	**98.00%**	
	Actual	**99.77%[1]**	

OBJECTIVE 3.3: PROVIDE EFFECTIVE INFORMATION RESOURCES MANAGEMENT.

The agency manages information to enable staff to make thoughtful decisions and perform their work, to facilitate appropriate public access, and to protect sensitive information from inappropriate access and release.

Our Strategy

The FTC is undergoing a multiyear transition to managing information resources in electronic format as one of the best means of meeting this objective. As part of this transition, the FTC conducted an agencywide inventory of records, including major electronic systems. Based on the inventory, the agency then developed, finalized and submitted to the National Archives and Records Administration (NARA), a comprehensive retention schedule that, when NARA approves it, will authorize the FTC to create, maintain, and dispose of agency records electronically. It will enable the FTC to concentrate on managing information rather than records schedules. As another step in the transition, the FTC has developed an electronic recordkeeping certification review (ERCR) process that will be used to review the ability of the FTC's information systems to house agency records with authenticity, reliability and integrity for the mandated retention period. During FY 2011, the FTC initiated ERCRs of the main public website, www.ftc.gov, the Consumer Response Systems and Services (CRSS) (a collection of online consumer protection services) and the Matter Management System 2 (a system that records, tracks, and reports administrative and statistical information on FTC law enforcement and regulatory matters).

In addition, as part of effective information resources management, the FTC is identifying and implementing business process improvements through effective use of technology. For example, the FTC developed and is using a web based e-filing system for public filings in all administrative litigation proceedings under Part 3 of the FTC Rules of Practice. Designed in the footprint of systems used by the federal courts, the FTC's e-filing system enables parties to the agency's administrative proceedings to file public documents electronically rather than in paper format.

Performance Results

One performance measure, Performance Measure 3.3.1, is used to gauge success of this objective. This key performance measure is the percentage of Commission-approved documents in the FTC's ongoing and newly initiated proceedings available on www.ftc.gov within 15 days of becoming part of the public record. The FTC selected this measure because timely availability of public documents facilitates public awareness of and participation in Commission activities. Examples of documents approved by the Commission are Federal Register Notices in rulemakings and other proceedings that seek public comments, consent agreements, complaints and orders in administrative litigation, and complaints and proposed orders in litigation in the federal courts.

KEY MEASURE 3.3.1

THE PERCENTAGE OF COMMISSION-APPROVED DOCUMENTS IN THE FTC'S ONGOING AND NEWLY INITIATED PROCEEDINGS AVAILABLE VIA THE INTERNET WITHIN 15 DAYS OF BECOMING PART OF THE PUBLIC RECORD. (OUTPUT MEASURE)

2013	*Target*	*80.0%*	**TARGET EXCEEDED.** FY 2011, 82% of documents tracked under this measure, 250 out of 305, were posted to the Internet within 15 days of becoming part of the public record. This year, the performance actual is based on comprehensive counts. In FY 2010, the performance result was an estimate based on samples from the first two quarters and actual counts for the remaining quarters. The target for this performance measure will increase starting in FY 2012. The FTC plans to obtain at least FY 2012's performance actuals before considering whether to adjust the target for FY 2013. *Data Source: Internal records from the Office of the Secretary and the Records and Filings Office.*
2012	*Target*	*80.0%*	
2011	**Target**	75.0%	
2011	**Actual**	82.0%	
2010	**Target**	75.0%	
2010	**Actual**	93.8%	

OBJECTIVE 3.4: PROVIDE EFFECTIVE FINANCIAL AND ACQUISITION MANAGEMENT.

Resource stewardship and financial oversight are fundamental to establishing the accountability and transparency through which organization, individual, and management excellence are fostered.

Our Strategy

By promoting consistency and integrity throughout the organization, this objective contributes not only to efficient program delivery, but also to effective and efficient agency administration overall. Our work in this area covers a wide range of administrative and operational efforts, such as formulating and executing the agency budget, managing acquisition activities, overseeing the internal control program, managing accounting operations, spearheading audit resolution, and ensuring compliance with various financial management laws and regulations. These efforts are critical to maintaining the management infrastructure needed to carry out the mission.

One of the primary strategies the agency uses under this objective is to enhance the internal control environment. To support this work, in FY 2011 the FTC conducted two additional internal control reviews as part of its Internal Control Review Plan established in FY 2010. These reviews of agency bureaus and offices occur at least once every three years. The objective of the reviews is to assist management in identifying high risk areas and implement appropriate risk management strategies where necessary. In addition, the FTC is aligning resources to strategic priorities and outcomes to focus the agency on the most important tasks and programs and implementing best business solutions to accomplish our goals through world-class acquisition and business processes.

Performance Results

Three performance measures that assess internal administrative and programmatic operations and acquisition procedures are used to gauge the achievement of this objective. Performance Measure 3.4.1 tracks the independent auditor's financial statement audit results, and Key Measure 3.4.2 tracks the percentage of bureaus/offices that establish and maintain an effective, risk-based internal control environment. Strong internal controls over financial and business processes are critical to the integrity of the data reported through the financial reporting system. Performance Measure 3.4.3 monitors performance against the Small Business Administration's governmentwide small business procurement goals.

PERFORMANCE MEASURE 3.4.1

INDEPENDENT AUDITOR'S FINANCIAL STATEMENT AUDIT RESULTS. (OUTCOME MEASURE)

2013	*Target*	*Unqualified opinion on the financial statements*
2012	*Target*	*Unqualified opinion on the financial statements*
2011	**Target**	**Unqualified opinion on the financial statements**
	Actual	**Unqualified opinion**
2010	**Target**	**Unqualified opinion on the financial statements**
	Actual	**Unqualified opinion**

TARGET MET.

The agency received a "clean" opinion on its financial statements. The opinion is determined by the independent auditor's review and tests of internal controls over operations and financial reporting and the auditor's determination that the financial statements and notes are fairly presented.

Data Source: Independent auditor's opinion.

KEY MEASURE 3.4.2

THE PERCENTAGE OF BUREAUS/OFFICES THAT ESTABLISH AND MAINTAIN AN EFFECTIVE, RISK-BASED INTERNAL CONTROL ENVIRONMENT. (OUTCOME MEASURE)

2013	*Target*	*100.0%*	
2012	*Target*	*100.0%*	
2011	**Target**	**100.0%**	
	Actual	**100.0%**	
2010	**Target**	**100.0%**	
	Actual	**100.0%**	

TARGET MET.

The Statements of Assurance (SOA) submitted by the agency's major components provide the basis for the measurement of the effectiveness of the FTC's risk-based internal control environment.

Each component completed questionnaires specific to its functions that addressed the Government Accountability Office's, "Standards of Internal Control" and other internal documentation supporting the SOA. This information was reviewed by the agency's internal control management.

In addition, the Financial Management Office conducted two additional reviews in accordance with its Internal Control Review Plan established in FY 2010. Based on the SOAs and these internal reviews, this performance measure is met by 100% of the Bureaus/Offices.

Data Source: The Statements of Assurance submitted by the agency's thirteen major components.

PERFORMANCE MEASURE 3.4.3

PERFORMANCE AGAINST THE SMALL BUSINESS ADMINISTRATION'S GOVERNMENT-WIDE SMALL BUSINESS PROCUREMENT GOALS. (OUTCOME MEASURE)

2013	*Target*	*23.0%*
2012	*Target*	*23.0%*
2011	**Target**	**23.0%**
	Actual	**46.3%**
2010	**Target**	**23.0%**
	Actual	**58.9%**

TARGET EXCEEDED.

This measure encompasses contracts to organizations classified as small businesses in accordance with Federal Acquisition Regulation 19, i.e., open market procurements. The FY 2011 performance result reflects the agency's full commitment to utilizing small businesses wherever possible based on the nature of the acquisition.

The agency has not raised the target for this performance measure because the target is established nationwide by the Small Business Administration without the FTC's direct input.

Data Source: The Federal Procurement Data System—Next Generation

Financial Section

FINANCIAL
SECTION

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

During Fiscal Year (FY) 2011, the Federal Trade Commission (FTC) upheld its commitment to protect consumers and promote competition in a fiscally responsible manner. I am pleased to report that FY 2011 marks the 15th consecutive year that the FTC has received an unqualified (clean) opinion on our financial statements. This achievement, along with other notable successes, demonstrates our commitment to effective financial management and to upholding high standards of accountability. Other key accomplishments this past fiscal year included:

- Returning more than $116 million in redress funds to victims of fraud and scams following successful prosecution of defendants resulting in court-ordered judgments or settlements.
- Receiving, for the fourth consecutive year, the Association of Government Accountants' Certificate of Excellence in Accountability Reporting.
- Awarding 46 percent of the total "small business eligible dollars" to small businesses, which substantially exceeded the Small Business Administration's Government-wide goal.
- Continuing our record of no material weaknesses, significant control deficiencies, or nonconformances with the Federal Managers' Financial Integrity Act and other applicable laws and regulations.

The Financial Section of this report explains our financial position as of September 30, 2011, and shows how financial resources were used to protect consumers and maintain competition, as shown in our performance results. We achieved these results, despite a tight fiscal environment, through the dedicated efforts of our talented and committed staff.

We remain mindful that we face an increasingly austere financial future, and will continue to emphasize the importance of good financial management and cost-saving efforts that enhance operational efficiency. We look forward with confidence as we continue to achieve results for the American consumer.

Steven A. Fisher

Steven A. Fisher
Chief Financial Officer
November 15, 2011

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

OFFICE OF
INSPECTOR GENERAL

November 10, 2011

The Honorable Jon Leibowitz
Chairman
Federal Trade Commission

I am pleased to provide you with the attached audit report required by the Accountability of Tax Dollars Act of 2002, which presents an unqualified opinion on the Federal Trade Commission (FTC)'s FY 2011 financial statements. We commend the FTC for the noteworthy accomplishment of attaining an unqualified (clean) opinion for the 15th consecutive year.

The Office of Inspector General (OIG) engaged the independent certified public accounting firm of Dembo, Jones, Healy, Pennington & Marshall, P.C. (DJHPM) to perform the audit of the FTC's financial statement for fiscal year 2011 in accordance with U.S. generally accepted government auditing standards, and Office of Management and Budget Bulletin 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

DJHPM's reports include (1) an opinion on FTC's financial statements; (2) a report on internal control over financial reporting; and (3) a report on compliance and other matters. In summary, DJHPM found that

- the financial statements were presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles,
- there were no material weaknesses in internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations, and
- there was no reportable noncompliance with laws and regulations tested.

The OIG reviewed DJHPM's reports and related documentation and made necessary inquires of its representatives. Our review disclosed no instances where DJHPM did not comply, in all material respects, with U.S. generally accepted government auditing standards. However, our review cannot be construed as an audit in accordance with U.S. generally accepted government auditing standards. It was not intended to enable us to express, and we do not express, any opinion on the FTC's financial statements, conclusions about the effectiveness of internal control, or conclusions on compliance with laws and regulations. DJHPM is solely responsible for the attached auditor's report dated November 10, 2011 and the conclusions expressed in the report.

We appreciate the cooperation and courtesies extended to both DJHPM and my staff during the audit.

Sincerely,

John M. Seeba
Inspector General

Attachment

cc: All Commissioners
Executive Director
Bureau Directors
Chief Financial Officer

DJHPM

Dembo, Jones, Healy, Pennington & Marshall, P.C.

Certified Public Accountants and Consultants

Chairman Leibowitz:

We have audited the accompanying balance sheet of the Federal Trade Commission (FTC) as of September 30, 2011 and 2010, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the years then ended. In our audits of the Federal Trade Commission for the fiscal years September 30, 2011 and 2010, we found

- the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles,
- no material weaknesses or significant deficiencies in internal control over financial reporting (including safeguarding assets),
- no reportable noncompliance with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions, (2) our conclusions on Management's Discussion and Analysis (MD&A) and other accompanying information, and (3) our audit objectives, scope, and methodology.

Opinion on Financial Statements

In our opinion, the financial statements including the accompanying notes present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the Federal Trade Commission's assets, liabilities, and net position as of September 30, 2011 and 2010; and net costs; changes in net position; budgetary resources; and custodial activity for the years then ended.

Consideration of Internal Control

In planning and performing our audit, we considered the Federal Trade Commission's internal control over financial reporting as a basis for designing our auditing procedures and to comply with the Office of Management and Budget (OMB) audit guidance for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on internal control and compliance or on management's assertion on internal control included in MD&A. Accordingly, we do not express an opinion on internal control over financial reporting and compliance or on management's assertion on the effectiveness of the entity's internal control over financial reporting or on management's assertion on internal control included in the MD&A.

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Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in the internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies, as defined above.

We noted other non-reportable matters involving internal control and its operation that we will communicate in a separate management letter to FTC management.

Compliance With Laws and Regulations

Our tests of the Federal Trade Commission's compliance with selected provisions of laws and regulations for fiscal year 2011 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards or OMB audit guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

Consistency of Other Information

The information in the Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

The information in the Chairman's Message, Performance Section, and Other Accompanying Information are presented for purposes of additional analysis and are not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

Objectives, Scope, and Methodology

The Federal Trade Commission's management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles, (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met, and (3) complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We are also responsible for (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit, (2) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements and laws for which OMB audit guidance requires testing, and (3) performing limited procedures with respect to certain other information appearing with the Annual Financial Statements.

In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the financial statements;
- obtained an understanding of the FTC and its operations, including its internal control related to financial reporting (including safeguarding assets), and compliance with laws and regulations (including execution of transactions in accordance with budget authority);
- tested relevant internal controls over financial reporting, and compliance, and evaluated the design and operating effectiveness of internal control;
- considered the design of the process for evaluating and reporting on internal control and financial management systems under the Federal Managers' Financial Integrity Act;
- tested compliance with selected provisions of laws and regulations.

Dembo, Jones, Healy, Pennington & Marshall, P.C.
Certified Public Accountants and Consultants

We did not evaluate all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to the Federal Trade Commission. We limited our tests of compliance to selected provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB audit guidance that we deemed applicable to the Federal Trade Commission's financial statements for the fiscal year ended September 30, 2011. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We performed our audit in accordance auditing standards generally accepted in the United States; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB guidance.

Dembo, Jones, Healy, Pennington & Marshall, P.C.

Rockville, Maryland
November 10, 2011

Dembo, Jones, Healy, Pennington & Marshall, P.C.
Certified Public Accountants and Consultants

PRINCIPAL FINANCIAL STATEMENTS

FINANCIAL STATEMENT DESCRIPTIONS

A brief description of the five principal financial statements presented on the following pages is provided:

- Balance Sheet – Presents the combined amounts the agency had to use or distribute (assets) versus the amounts the agency owed (liabilities), and the difference between the two (net position).
- Statement of Net Cost – Presents the annual cost of agency operations. The gross cost less any offsetting revenue is used to determine the net cost.
- Statement of Changes in Net Position – Reports the accounting activities that caused the change in net position during the reporting period.
- Statement of Budgetary Resources – Reports how budgetary resources were made available and the status of those resources at fiscal year-end.
- Statement of Custodial Activity – Reports collections and their disposition by the agency on behalf of the Treasury General Fund and one other federal agency. The FTC acts as custodian and does not have use of these funds.

The accompanying notes to the financial statements describe significant accounting policies as well as detailed information on select statement lines.

FEDERAL TRADE COMMISSION

BALANCE SHEET

AS OF SEPTEMBER 30, 2011 AND 2010
(Dollars shown in thousands)

	2011	2010
Assets (Note 2):		
Intragovernmental:		
Fund balance with Treasury (Note 3)	$ 112,225	$ 109,486
Investments (Note 5)	35,443	199,105
Accounts receivable, net (Note 6)	26	71
Total intragovernmental	147,694	308,662
Cash and other monetary assets (Note 4)	44,944	21,473
Accounts receivable, net (Note 6)	11,374	48,189
General property and equipment, net (Note 7)	19,371	18,060
Total Assets	$ 223,383	$ 396,384
Liabilities:		
Intragovernmental:		
Accounts payable	$ 444	$ 188
Other (Note 9)	1,430	12,574
Total intragovernmental	1,874	12,762
Accounts payable	15,416	11,112
Accrued redress receivables due to claimants	11,229	38,170
Redress collected but not yet disbursed	84,190	180,526
Divestiture fund due	-	45,523
Other (Note 9)	17,478	20,641
Total Liabilities (Note 8 and 9)	$ 130,187	$ 308,734
Net Position (Note 1(o)):		
Cumulative results of operations - other funds	93,196	87,650
Total Net Position	$ 93,196	$ 87,650
Total Liabilities and Net Position	$ 223,383	$ 396,384

The accompanying notes are an integral part of these statements.

FEDERAL TRADE COMMISSION

STATEMENT OF NET COST

FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

(Dollars shown in thousands)

	2011	2010
Costs by Strategic Goal:		
Protect Consumers (PC) Strategic Goal:		
Gross costs (Note 12)	$ 169,334	$ 158,458
Less: earned revenue (Note 13)	(14,233)	(14,426)
Net PC strategic goal costs	155,101	144,032
Maintain Competition (MC) Strategic Goal:		
Gross costs (Note 12)	129,315	116,642
Less: earned revenue (Note 13)	(91,984)	(73,554)
Net MC strategic goal costs	37,331	43,088
Net Cost of Operations	$ 192,432	$ 187,120

The accompanying notes are an integral part of these statements.

Financial Section

STATEMENT OF CHANGES IN NET POSITION

FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

(Dollars shown in thousands)

	2011	2010
Cumulative Results of Operations:		
Beginning balance, adjusted	$ 87,650	$ 60,391
Budgetary financing sources:		
Appropriations used	186,219	204,673
Other financing sources (non-exchange):		
Imputed financing	11,759	9,706
Total financing sources	197,978	214,379
Less: net cost of operations	(192,432)	(187,120)
Net change	5,546	27,259
Total Cumulative Results of Operations	$ 93,196	$ 87,650
Unexpended Appropriations:		
Beginning balance, adjusted	$ -	$ -
Budgetary financing sources:		
Appropriations received	186,219	204,673
Less: Appropriations used	(186,219)	(204,673)
Total budgetary financing sources	-	-
Total Unexpended Appropriations	-	-
Net Position (Note 1(o))	$ 93,196	$ 87,650

The accompanying notes are an integral part of these statements.

STATEMENT OF BUDGETARY RESOURCES

FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

(Dollars shown in thousands)

	2011	2010
Budgetary Resources:		
Unobligated balance, brought forward, October 1:	$ 13,128	$ 9,783
Recoveries of prior year unpaid obligations		
Actual	8,231	3,325
Budget authority:		
Appropriation	186,219	204,673
Spending authority from offsetting collections		
Earned		
Collected	106,261	88,050
Change in receivables from Federal sources	(45)	(70)
Change in unfilled customer orders		
Without advance from Federal sources	(160)	96
Subtotal budget authority	292,275	292,749
Total Budgetary Resources	$ 313,634	$ 305,857
Status of Budgetary Resources:		
Obligations incurred (Note 14):		
Direct	$ 292,146	$ 291,742
Reimbursable	913	987
Subtotal	293,059	292,729
Unobligated balance:		
Apportioned	17,882	10,845
Not available	2,693	2,283
Total Status of Budgetary Resources	$ 313,634	$ 305,857
Change in Obligated Balance:		
Obligated balance, net		
Unpaid obligations, brought forward, October 1	$ 90,622	$ 69,086
Less: Uncollected customer payments from Federal Sources brought forward, October 1	(320)	(293)
Total unpaid obligated balance, net	90,302	68,793
Obligations incurred, net (Note 14)	293,059	292,729
Less: Gross outlays	(287,778)	(267,869)
Less: Recoveries of prior year unpaid obligations, actual	(8,231)	(3,325)
Change in uncollected customer payments from Federal sources	205	(26)
Obligated balance, net, end of period		
Unpaid obligations	87,672	90,622
Uncollected customer payments from Federal sources	(115)	(320)
Total, unpaid obligated balance, net, end of period	$ 87,557	$ 90,302
Net Outlays:		
Gross outlays	$ 287,778	$ 267,869
Less: Offsetting collections	(106,261)	(88,050)
Less: Distributed offsetting receipts	(13,417)	(6,986)
Net Outlays	$ 168,100	$ 172,833

The accompanying notes are an integral part of these statements.

FEDERAL TRADE COMMISSION

STATEMENT OF CUSTODIAL ACTIVITY

FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

(Dollars shown in thousands)

	PC	MC	2011	2010
Revenue Activity (Note 17):				
Sources of collections:				
Premerger filing fees (net of refunds)	$ -	$ 91,424	$ 91,424	$ 72,858
Civil penalties and fines	23,275	-	23,275	2,097
Redress (Note 18)	13,177	-	13,177	6,659
Other miscellaneous receipts	240	-	240	327
Total cash collections	36,692	91,424	128,116	81,941
Accrual adjustments	(9,908)	-	(9,908)	9,950
Total Custodial Revenue	$ 26,784	$ 91,424	$ 118,208	$ 91,891
Disposition of Collections (Note 17):				
Transferred to others:				
Treasury general fund	$ 36,692	$ -	$ 36,692	$ 9,083
Department of Justice	-	91,424	91,424	72,858
(Decrease)/increase in amounts yet to be transferred	(9,908)	-	(9,908)	9,950
Total Disposition of Collections	$ 26,784	$ 91,424	$ 118,208	$ 91,891
Net Custodial Activity	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1—Summary of Significant Accounting Policies

(a) REPORTING ENTITY

The Federal Trade Commission (FTC) is an independent United States Government agency, established by the Federal Trade Commission Act of 1914. The FTC enforces a variety of federal antitrust and consumer protection laws. The agency is headed by five Commissioners, nominated by the President and confirmed by the Senate, each serving a seven-year term. The President chooses one Commissioner to act as Chairman. No more than three Commissioners can be of the same political party.

The FTC has three major bureaus: The Bureau of Consumer Protection (BCP), which supports the strategic goal of protecting consumers, the Bureau of Competition (BC), which supports the strategic goal of maintaining competition, and the Bureau of Economics (BE), which supports both bureaus and strategic goals. Additionally, various Offices provide mission support functions and services.

The majority of FTC staff is located in Washington DC; however, the FTC's regions cover seven geographic areas. The regional offices work with the BCP and BC to conduct investigations and litigation; provide advice to state and local officials on the competitive implications of proposed actions; recommend cases; provide local outreach services to consumers and business persons; and coordinate activities with local, state, and regional authorities. The regional offices frequently sponsor conferences for small businesses, local authorities, and consumer groups.

The financial statements and notes include the accounts of all funds under the FTC's control. As further described throughout these notes, in addition to appropriations received for salaries and necessary expenses, the FTC maintains control over funds that are primarily comprised of proceeds derived from court ordered judgments and settlements held for subsequent distribution to approved claimants. These funds are considered non-entity and are reported as such on the Balance Sheet.

(b) FUND ACCOUNTING STRUCTURE

The FTC's financial activities are accounted for using various funds (i.e., Treasury Account Symbols (TAS)). They include the following for which the FTC maintains financial records:

GENERAL FUND

TAS 29X0100 consists of a salaries and expense appropriation used to fund agency operations and capital expenditures. Offsetting collections received during the year are also recorded in the general fund. (See Note 13 Exchange Revenues.)

DEPOSIT FUND

TAS 29X6013 consists of monies held temporarily by the FTC as an agent for others (e.g., redress funds) prior to distribution through the consumer redress program.

SUSPENSE FUND

TAS 29F3875 consists of premerger filing fees collected by the FTC under the Hart-Scott-Rodino (HSR) Antitrust Improvement Act of 1976 that are distributed equally to the FTC as a funding source and to the Department of Justice (DOJ). (See Note 1(P) Revenues and Other Financing Sources).

MISCELLANEOUS RECEIPT ACCOUNTS

TAS 29 1040 and TAS 29 3220 consist of civil penalties, redress disgorgements to the Department of the Treasury (Treasury) and other miscellaneous receipts that by law are not retained by the FTC. Cash balances are automatically transferred to the general fund of the Treasury at the end of each fiscal year.

(c) BASIS OF ACCOUNTING AND PRESENTATION

The accompanying financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, and custodial activities of the FTC. As noted above, the FTC maintains a single fund to account for salaries and all necessary expenses. Further, there are no intra-entity transactions with any other fund (e.g., deposit fund) that would require eliminating entries to present consolidated statements. Accordingly, the statements are not labeled consolidated nor is the Statement of Budgetary Resources (SBR) presented as combined. The financial statements have been prepared from the accounting records of the FTC on an accrual basis, in conformity with generally accepted accounting principles (GAAP) of the United States of America and with the form and content of financial statements specified by the Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements (as revised October 2011). GAAP for federal entities incorporate the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

(d) USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) BUDGET AUTHORITY

Congress passes appropriations annually that provide the FTC with authority to obligate funds for necessary expenses to carry out mandated program activities. These funds are available until expended, subject to OMB apportionment and to Congressional restrictions on the expenditure of funds. In addition, the FTC places internal restrictions on fund expenditures to ensure the efficient and proper use of all funds. Appropriated funding is derived from various revenues and financing sources. The SBR reflects the single general fund (i.e. TAS 29X0100) for which the FTC has budget authority.

(f) ENTITY/NON-ENTITY ASSETS

Assets that an agency is authorized to use in its operations are entity assets. Assets that an agency holds on behalf of another federal agency or a third party and are not available for the agency's use are non-entity assets.

(g) FUND BALANCE WITH TREASURY

The FTC's Fund Balance with Treasury (FBWT) includes appropriated funds, deposit funds for subsequent disbursement to claimants, and premerger filing fees awaiting disbursement to the DOJ. Funds are carried forward until such time as goods or services are received and payment is made. All cash receipts are deposited with the Treasury and all disbursements for payroll and vendor invoices are disbursed by the Treasury.

(h) CASH AND OTHER MONETARY ASSETS

The FTC's consumer redress agents process claims and disburse redress proceeds to approved claimants. Upon approval of the redress office, amounts necessary to cover current disbursement schedules are held as cash in interest bearing accounts. These funds are considered non-entity assets and are reported on the Balance Sheet along with an offsetting non-entity liability.

(i) INVESTMENTS

In protecting consumers, the FTC collects proceeds from defendants in accordance with court ordered judgments and settlement agreements for consumer redress and holds these proceeds in the deposit fund (TAS 29X6013) established with the Treasury. Under an agreement with the Treasury, the portion of such judgments and settlements that are not immediately needed for cash disbursements are invested in Treasury securities. These investments are considered non-entity assets and are reported on the Balance Sheet along with an offsetting non-entity liability.

(j) ACCOUNTS RECEIVABLE, NET

Entity accounts receivable consist of amounts due from other federal entities and from current and former employees and vendors. Non-entity accounts receivable include uncollected civil monetary penalties imposed as a result of the FTC's enforcement activities and uncollected redress judgments. These non-entity accounts receivable are reported on the Balance Sheet along with an offsetting non-entity liability. Gross receivables are reduced to net realizable value by an allowance for uncollectible accounts. (See Note 6 Accounts Receivable, Net.)

(k) ACCRUED LIABILITIES AND ACCOUNTS PAYABLE

Accrued liabilities and accounts payable represent a probable future outflow or other sacrifices of resources as a result of past transactions or events. Liabilities are recognized when they are incurred, regardless of whether they are covered by budgetary resources. Liabilities cannot be liquidated without legislation that provides the resources to do so. In addition, the government, acting in its sovereign capacity, can abrogate the FTC liabilities (other than contracts). (See Note 8 Liabilities Not Covered by Budgetary Resources and Note 9 Other Liabilities.)

(l) EMPLOYEE HEALTH BENEFITS AND LIFE INSURANCE

FTC employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGLIP). The FTC contributes a percentage to each program to pay for current benefits.

(m) EMPLOYEE RETIREMENT BENEFITS

FTC employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Employees hired after December 31, 1983, are covered by FERS and Social Security, while employees hired prior to January 1, 1984, may elect to either join FERS or remain in CSRS. For employees participating in CSRS, the FTC contributes seven percent of the employee's gross earnings to the CSRS Retirement and Disability Fund. For employees participating in FERS, the FTC contributes 11.2 percent to the Federal Employees' Retirement Fund. Employees participating in FERS are covered under the Federal Insurance Contributions Act (FICA) for which the FTC contributes a matching amount to the Social Security Administration. FTC contributions are recognized as current operating expenses.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. Participating employees may contribute any dollar amount or percentage of basic salary to TSP, not to exceed an annual dollar amount of $16,500 for 2011. CSRS participating employees do not receive a matching contribution from the FTC. FERS employees receive an agency automatic one percent contribution of gross pay to the TSP. The FTC also matches 100 percent of the first three percent contributed and 50 percent of the next two percent contributed. Such the FTC contributions are recognized as current operating expenses.

Although the FTC contributes a portion for pension benefits and makes the necessary payroll withholdings, it is not responsible for managing contribution refunds, employee's retirement benefits, or the retirement plan assets. Therefore, the FTC financial statements do not report CSRS and FERS assets, accumulated plan benefits, or unfunded liabilities, if any, which may be applicable to employees. Such reporting is the responsibility of the Office of Personnel Management (OPM). However, the FTC recognizes the full cost of providing future pension benefits to covered employees at the time the employees' services are rendered. OPM has provided the FTC with certain cost factors that estimate the true service cost of providing the pension benefits to covered employees. During FYs 2011 and 2010, the cost factor used to arrive at the service cost for CSRS covered employees was 30.1 percent of basic pay. During FYs 2011 and 2010, the cost factor for FERS covered employees was 13.8 percent of basic pay. The pension expense recognized in the financial statements equals this service cost to covered employees less amounts contributed by these employees. If the pension expense exceeds the amount contributed by the FTC as employer, the excess is recognized as an imputed financing cost. The excess total pension expense over the amount contributed by the agency must be financed by OPM and is recognized as an imputed financing source on the records of the FTC.

(n) OTHER POST-EMPLOYMENT BENEFITS

The FTC employees eligible to participate in the FEHBP and the FEGLIP may continue to participate in these programs after their retirement. The OPM has provided the FTC with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The FTC recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the FTC through the recognition of an imputed financing source. During FYs ended 2011 and 2010, the cost factors relating to FEHBP were $6,027 and $5,906, respectively, per employee enrolled. During FYs 2011 and 2010, the cost factor relating to FEGLIP was 0.02 percent of basic pay per employee enrolled.

(o) NET POSITION

Cumulative results of operations represent the net results of operations since inception, the cumulative amount of prior period adjustments, the remaining book value of capitalized assets, and future funding requirements.

The portion of the FTC's budget authority that is funded by a direct appropriation is fully expended during the year. Therefore, there is no unexpended appropriation balance in net position at the end of the year. (See Statement of Changes in Net Position.)

(p) REVENUES AND OTHER FINANCING SOURCES

The FTC's funding is derived from spending authority from offsetting collections revenue and from direct appropriation. Spending authority from offsetting collections is comprised of collections of premerger filing fees under the authority of the HSR Act, collection of fees related to the Do-Not-Call (DNC) Implementation Act, and amounts received for services performed under reimbursable agreements with other federal agencies. All of the FTC's offsetting collections are exchange revenues. (See Note 13 Exchange Revenues.)

In addition to exchange revenue, the FTC receives funding through a direct appropriation from the general fund of the Treasury to support its operations. The direct appropriation represented approximately 59 percent of total budgetary resources in FY 2011 and 67 percent in FY 2010.

(q) METHODOLOGY FOR ASSIGNING COSTS AND EXCHANGE REVENUES

Total net costs are allocated to the protect consumers strategic goal and the maintain competition strategic goal. (See Statement of Net Cost.) Costs and exchange revenues that are identified specifically with each of these two strategic goals are charged or credited directly. Other costs not directly attributable to these two goals are allocated based on the percentage of direct full-time equivalents used by each of these two goals. These other indirect costs include costs related to the advance performance strategic goal.

Note 2—Non-entity Assets

Non-entity Fund Balance with Treasury is comprised of undisbursed premerger filing fees and deposits held for the consumer redress program. Investments represent funds not required for current distribution for consumer redress. Cash and other Monetary Assets consist of amounts on deposit with FTC distribution agents. Accounts receivable represent amounts due from consumer redress judgments and civil penalties.

Non-entity assets consisted of the following as of September 30, 2011 and 2010 (in thousands):

	2011	2010
Intragovernmental:		
Fund balance with Treasury	$ 4,093	$ 6,056
Investments	35,443	199,105
Total intragovernmental:	39,536	205,161
Cash and other monetary assets	44,944	21,473
Accounts receivable, net	11,321	48,170
Total non-entity assets	95,801	274,804
Total entity assets	127,582	121,580
Total assets	$ 223,383	$ 396,384

Financial Section

Note 3—Fund Balance with Treasury

Fund balance includes appropriated funds, which are either unobligated, or obligated as an account payable or undelivered order and not yet disbursed. Fund balance also includes non-entity funds arising from undisbursed HSR filing fees due to the DOJ and collections of redress judgments not yet disbursed to claimants.

Fund Balance with Treasury consisted of the following as of September 30, 2011 and 2010 (in thousands):

	2011	2010
Fund balances with Treasury:		
Appropriated funds	$ 108,132	$ 103,430
Suspense fund - undisbursed HSR filing fees	290	585
Deposit funds - redress	3,803	5,471
Total fund balance with Treasury	$ 112,225	$ 109,486
Status of fund balance with Treasury		
Unobligated balance		
Apportioned	$ 17,882	$ 10,845
Unavailable	2,693	2,283
Obligated balance not yet disbursed	87,557	90,302
Non-Budgetary fund balance with Treasury:		
Suspense fund - undisbursed HSR filing fees	290	585
Deposit funds - redress	3,803	5,471
Total status fund balance with Treasury	$ 112,225	$ 109,486

Note 4—Cash and Other Monetary Assets

In connection with the consumer redress program, cash amounts necessary to cover current disbursement schedules are held at financial institutions in interest bearing accounts pursuant to court orders and are reported as non-entity assets. A corresponding liability is recorded for these assets. The FTC's consumer redress agents process claims and disburse redress proceeds to claimants upon approval of the redress office. (See Note 18 Redress and Divestiture Activities.)

Cash and other monetary assets consisted of the following as of September 30, 2011 and 2010 (in thousands):

	2011	2010
Cash and other monetary assets:		
Redress contractors	$ 44,944	$ 21,473
Total cash and other monetary assets	$ 44,944	$ 21,473

Note 5—Investments

Funds not needed to cover immediate disbursements for consumer redress are invested in Government Account Series (GAS) securities under an agreement with the Bureau of Public Debt. GAS securities are non-marketable, market-based Treasury securities that are not traded on any securities exchange but mirror the prices of particular Treasury securities trading in the government securities market. Additionally, in FY 2010 the investments balance included long-time reserved funds that had been from one judgment related to the FTC's maintaining competition mission. The invested funds from this judgment were returned to the defendants during FY 2011. (See Note 18 Redress and Divestiture Activities.)

As of September 30, 2011, investments consisted of the following (in thousands):

	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investment Net	Other Adjustments	Market Value Disclosure
Intragovernmental							
Securities:							
Non-Marketable:							
Market-Based	$ 35,443	n/a	-	-	$ 35,443	-	$ 35,443
Total investments	$ 35,443	n/a	-	-	$ 35,443	-	$ 35,443

As of September 30, 2010, investments consisted of the following (in thousands):

	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investment Net	Other Adjustments	Market Value Disclosure
Intragovernmental							
Securities:							
Non-Marketable:							
Market-Based	$ 199,105	n/a	-	-	$ 199,105	-	$ 199,105
Total investments	$ 199,105	n/a	-	-	$ 199,105	-	$ 199,105

Note 6—Accounts Receivable, Net

Accounts receivable, net balances reflect the FASAB standard for the recognition of losses using the collection criterion of "more likely than not." This criterion results in receivable balances that are more conservatively stated than those valued by the private sector under GAAP. FASAB states that it is appropriate to recognize the nature of federal receivables, which, unlike trade accounts of private firms or loans made by banks, are not created through credit screening procedures. Rather, these receivables arise because of the assessment of fines from regulatory violations. In these circumstances, historical experience and economic realities indicate that these types of claims are frequently not fully collectible.

The method used to estimate the allowance for uncollectible receivables consists of individual case analysis by the attorney case manager with respect to the debtor's ability and willingness to pay, the defendant's payment record, and the probable recovery amount including the value of the sale of assets. Based on the aforementioned, cases are referred to the Treasury Offset Program for collection activities after the receivable becomes six months delinquent in payment.

Financial Section

Accounts receivable, net consisted of the following as of September 30, 2011 and 2010 (in thousands):

	Gross Receivables	Allowance for Uncollectible Accounts	2011 Net	2010 Net
Entity accounts receivable:				
Intragovernmental	$ 26	$ -	$ 26	$ 71
With the Public	53	-	53	19
Total entity acounts receivable, net	$ 79	$ -	$ 79	$ 90
Non-entity accounts receivable:				
Consumer redress	$ 424,802	$ 413,573	$ 11,229	$38,170
Civil penalties	8,068	7,976	92	10,000
Total non-entity accounts receivable	$ 432,870	$ 421,549	$ 11,321	$48,170
Total accounts receivable, net	$ 432,949	$ 421,549	$ 11,400	$48,260

Financial Section

Note 7—General Property and Equipment, Net

FTC capitalizes property and equipment with an initial cost of $100 thousand or greater and a useful life over two years. Such assets are depreciated using the straight-line method of depreciation with service lives ranging from five to twenty years. Leasehold improvements that cost $100 thousand or greater are capitalized and amortized over the remaining life of the lease. Additionally, internal use software development and acquisition costs of $100 thousand or greater are capitalized as software development-in-progress until the development stage has been completed and the software successfully tested. Upon completion and testing, software development-in-progress costs are reclassified as internal use software costs and amortized using the straight-line method over the estimated useful life of three to five years. Purchased commercial software that does not meet the capitalization criteria is expensed.

Amounts reported as equipment are comprised mostly of computer hardware and other building equipment. The FTC does not own buildings, but rather, in partnership with General Services Administration (GSA) leases both federally owned (by GSA) and commercial space. (See Note 10 Leases.) The leasehold improvements below consist of improvements made to the FTC headquarters building located in Washington DC (which is owned by the GSA), and to the FTC commercially leased space also located in Washington DC.

Depreciation expense was $3,783 and $3,073 thousand for fiscal years ending September 30, 2011 and 2010, respectively, and is contained in the accumulated depreciation.

As of September 30, 2011, general property and equipment, net consisted of the following (in thousands):

Asset Class	Service Life	Acquisition Value	Accumulated Depreciation	Net Book Value
Equipment	5-20 yrs.	$ 10,357	$ 7,003	$ 3,354
Leasehold improvements	lease term	14,403	4,787	9,616
Software	3-5 yrs.	16,187	9,786	6,401
Total general property and equipment, net		$ 40,947	$ 21,576	$ 19,371

As of September 30, 2010, general property and equipment, net consisted of the following (in thousands):

Asset Class	Service Life	Acquisition Value	Accumulated Depreciation	Net Book Value
Equipment	5-20 yrs.	$ 9,975	$ 7,814	$ 2,161
Leasehold improvements	lease term	14,080	3,824	10,256
Software	3-5 yrs.	13,796	8,153	5,643
Total general property and equipment, net		$ 37,851	$ 19,791	$ 18,060

Note 8—Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources consisted of the following as of September 30, 2011 and 2010 (in thousands):

	2011	2010
Intragovernmental:		
Undisbursed premerger fees liability	$ 290	$ 585
Civil penalty collections due to Treasury	92	10,000
FECA liability	372	439
Other Unfunded Employment Related Liability	15	16
Total intragovernmental liabilities not covered by budgetary resources	769	11,040
Accrued redress receivables due to claimants	11,229	38,170
Redress collected not yet disbursed	84,190	180,526
Divestiture fund due	-	45,523
Unfunded leave	11,013	10,683
Actuarial FECA	2,208	2,162
Total liabilities not covered by budgetary resources	$ 109,409	$ 288,104
Total liabilities covered by budgetary resources	20,778	20,630
Total liabilities	$ 130,187	$ 308,734

Undisbursed Premerger Fees Liability represents undisbursed filing fees collected under the HSR Act, which are due to the DOJ in a subsequent period.

Civil Penalty Collections Due to Treasury represents the corresponding liability relative to accounts receivable due for civil monetary penalties, which will be transferred to the general fund of the Treasury upon receipt.

Federal Employee's Compensation Act (FECA) Liability represents the unfunded liability for workers compensation the payable to the Department of Labor (DOL). DOL is the paying agent for all FECA claims.

Accrued Redress Receivables Due to Claimants represents the contra account for accounts receivable due from judgments obtained as a result of the agency's consumer redress litigation.

Redress Collected Not Yet Disbursed represents a non-entity liability corresponding to amounts reported as non-entity assets (including Fund Balance with Treasury, Cash and Other Monetary Assets and Investments for TAS 29X6013). These funds are held until distributed to consumers or returned to Treasury through disgorgement.

Divestiture Fund Due represents the corresponding liability offsetting the amount reported as non-entity assets (investments) held by the FTC pending divesture of assets pursuant to a court ordered judgment. The invested funds were disbursed in FY 2011; therefore, there is no offsetting liability in FY 2011. (See Note 5 Investments.)

Unfunded Leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

Actuarial FECA represents the present value of future workers' compensation claims. The actuarial liability is based on the liability to benefits paid ratio provided by DOL multiplied by the average of benefits paid over three years.

Note 9—Other Liabilities

Other liabilities consisted of the following as of September 30, 2011 and 2010 (in thousands):

	2011 Non-Current	2011 Current	2011 Total
Intragovernmental:			
Accrued benefits	$ -	$ 676	$ 676
Undisbursed premerger liability	-	290	290
Civil penalty collection due to Treasury	-	92	92
FECA liability	372	-	372
Total Intragovernmental	372	1,058	1,430
Accrued salary	-	4,257	4,257
Accrued leave	-	11,013	11,013
Actuarial FECA	2,208	-	2,208
Total Other Liabilities	$ 2,580	$ 16,328	$ 18,908

	2010 Non-Current	2010 Current	2010 Total
Intragovernmental:			
Accrued benefits	$ -	$ 1,550	$ 1,550
Undisbursed premerger liability	-	585	585
Civil penalty collection due to Treasury	-	10,000	10,000
FECA liability	439	-	439
Total Intragovernmental	439	12,135	12,574
Accrued salary	-	7,796	7,796
Accrued leave	-	10,683	10,683
Actuarial FECA	2,162	-	2,162
Total Other Liabilities	$ 2,601	$ 30,614	$ 33,215

Note 10—Leases

Leases of commercial property are made through and managed by GSA. The FTC has leases on four government-owned properties and nine commercial properties. The FTC's current leases expire at various dates through 2021. Certain leases provide for tenant improvement allowances and that these costs be amortized over the length of the leases. Under the terms of the leases, the FTC agrees to reimburse the landlord for the principal balance of the unamortized portion of the tenant improvement allowance in the event the agency vacates the space before lease expiration. The FTC rents approximately 630,000 square feet of space in both commercial and government-owned properties for use as offices, storage and parking. All FTC leases are operating leases. Rent expenditures for the years ended September 30, 2011 and 2010, were approximately $22,006 and $20,714 thousand, respectively.

Future minimum lease payments due under leases of government-owned property as of September 30, 2011, are as follows (in thousands):

Fiscal Year	
2012	$ 6,861
2013	6,814
2014	6,527
2015	228
2016	229
Thereafter	653
Total Future Minimum Lease Payments	$ 21,312

Future minimum lease payments under leases of commercial property due as of September 30, 2011 are as follows (in thousands):

Fiscal Year	
2012	$ 13,704
2013	4,250
2014	4,211
2015	1,960
2016	1,754
Thereafter	3,462
Total Future Minimum Lease Payments	$ 29,341

Note 11—Commitments and Contingencies

The FTC is a party in various administrative proceedings, legal actions, and claims brought by or against it. In the opinion of the FTC management and legal counsel, the ultimate resolution of these proceedings, actions, and claims, will not materially affect the financial position or the results of operations of the FTC.

Note 12—Intragovernmental Costs and Exchange Revenues

Intragovernmental costs represent costs incurred for goods or services provided by another federal entity. Public costs represent costs incurred for goods or services from a nonfederal entity. Intragovernmental earned revenue represents goods or services provided by the FTC to another federal entity. Public earned revenue represents goods or services provided by the FTC to a nonfederal entity. The purpose of this classification is to enable the federal government to provide consolidated financial statements.

For the FYs ended September 30 2011 and 2010, intragovernmental and public costs and exchange revenues are as follows (in thousands):

	2011	2010
Protect Consumers (PC) Strategic Goal:		
Intragovernmental gross costs	$ 43,116	$ 40,985
Public costs	126,218	117,473
Total PC strategic goal costs	169,334	158,458
Intragovernmental earned revenue	(513)	(257)
Public earned revenue	(13,720)	(14,169)
Total PC strategic goal earned revenue	(14,233)	(14,426)
Total PC strategic goal net costs	155,101	144,032
Maintain Competition (MC) Strategic Goal:		
Intragovernmental gross costs	32,926	30,169
Public costs	96,389	86,473
Total MC strategic goal net costs	129,315	116,642
Intragovernmental earned revenue	(560)	(696)
Public earned revenue	(91,424)	(72,858)
Total MC strategic goal earned revenue	(91,984)	(73,554)
Total MC strategic goal net costs	37,331	43,088
Net Cost of Operations	$ 192,432	$ 187,120

Note 13—Exchange Revenues

Exchange revenues are earned through the collection of fees under the HSR Act. This Act, in part, requires the filing of premerger notifications with the FTC and the Antitrust Division of the DOJ and establishes a waiting period before certain acquisitions may be consummated. Mergers with transaction valuation above $66.0 million require the acquiring party to pay a filing fee. The filing fees are based on the transaction amount and follow a three-tiered structure: $45, $125 and $280 thousand. The FTC collects all HSR premerger fees, retains one-half, and remits 50 percent to the DOJ Antitrust Division pursuant to public law. Revenue is recognized upon collection of the appropriate fee and verification of proper documentation.

Exchange revenues are also earned through the collection of fees for the National DNC Registry. This Registry operates under Section 5 of the FTC Act, which enforces the Telemarketing Sales Rule. The Do-Not-Call Implementation Act, Public Law No. 108-010, gives the FTC authority to establish fees sufficient to offset enforcement of the provisions related to the Registry. Telemarketers are required to pay an annual subscription fee and download from the DNC Registry database a list of telephone numbers of consumers who do not wish to receive calls. Fees are based on the number of area codes downloaded. Since October 1, 2009, the minimum charge has remained at $55 to download one area code. The maximum charge has remained at $15,058 for all area codes within the United States. Revenue is recognized when collected and the telemarketer is given access to the requested data.

Exchange revenue is also earned for services provided to other government agencies through reimbursable agreements. The FTC recovers the full cost of services, primarily salaries and related expenses. Revenue is earned at the time the expenditures are incurred against the reimbursable order. Exchange revenues are deducted from the full cost of the FTC's strategic goals to arrive at net strategic goal cost.

For the FYs ended September 30, 2011 and 2010, exchange revenue consisted of the following (in thousands):

	2011	2010
HSR premerger filing fees	$ 91,424	$ 72,858
Do Not Call registry fees	13,720	14,169
Reimbursable agreements	1,073	953
Total exchange revenue	$ 106,217	$ 87,980

Note 14—Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations

APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

For the FYs ended September 30, 2011 and 2010, obligations incurred consisted of the following (in thousands):

	2011	2010
Obligations incurred:		
Category A - Direct obligations	$ 292,146	$ 291,742
Category B - Reimbursable Obligations	913	987
Total obligations incurred	$ 293,059	$ 292,729

Note 15—Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

There are no material differences between amounts reported in the FY 2010 Statement of Budgetary Resources and the FY 2010 actual amounts as reported in the FY 2012 Budget of the United States Government. The FY 2013 Budget of the United States is not available to compare FY 2011 actual amounts to the FY 2011 Statement of Budgetary Resources.

Note 16—Undelivered Orders at the End of the Period

The amount of budgetary resources obligated for undelivered orders as of September 30, 2011 and 2010 is $66,895 and $69,991 thousand respectively.

Note 17—Custodial Activities

The primary custodial activities of the FTC are:

PREMERGER FILING FEES

All HSR premerger filing fees are collected by the FTC pursuant to 15 U.S.C. 18a notes, as amended, and are divided evenly between the FTC and the DOJ. During FY 2011 and FY 2010, the FTC collected $182,848 and $145,716 thousand respectively, in HSR premerger filing fees. The amounts designated for the DOJ as reported on the Statement of Custodial Activity (SCA) were $91,424 thousand for FY 2011 and $72,858 thousand for FY 2010. Undistributed fees to the DOJ at September 30, 2011 and 2010 were $290 and $585 thousand, respectively.

CIVIL PENALTIES AND FINES

Civil penalties collected in connection with the settlement or litigation of the FTC's administrative or federal court cases are collected by either the FTC or the DOJ as provided for by law. The FTC deposits these collections into the Treasury. Civil penalties collected also include amounts collected for undecided civil penalty cases that are held until final disposition of the case. All civil penalties collected are disgorged to the general fund of the Treasury at the end of the year.

REDRESS

Collections for redress reported on the SCA are limited to those collections that have been disgorged to the Treasury. Collections disgorged to the Treasury were $13,177 thousand for FY 2011 and $6,659 thousand for FY 2010.

Other line items on the SCA include:

ACCRUAL ADJUSTMENTS

The accrual adjustments represent the difference between the opening and closing balances for civil penalty accounts receivable, net of allowance.

(DECREASE)/INCREASE IN AMOUNTS YET TO BE TRANSFERRED

This represents the difference between the opening and closing balances for the offsetting liability is that is established for the civil penalty funds due to be collected (receivable).

Note 18—Redress and Divestiture Activities

REDRESS

The FTC obtains consumer redress in connection with the settlement or litigation of both its administrative proceedings and its federal court cases. The FTC attempts to distribute funds thus obtained to consumers whenever possible. If consumer redress is not practical, the funds are paid (disgorged) to the Treasury, or on occasion, other alternatives, such as consumer education, are permitted. Major components of the program include eligibility determination, disbursing redress to claimants, and accounting for the disposition of these funds. Collections made against court-ordered judgments totaled $41,596 and $170,270 thousand during FYs 2011 and 2010, respectively.

DIVESTITURE FUND

The divestiture fund consisted of one judgment (obtained by the FTC in support of its strategic goal to maintain competition) that required the defendants to place funds in reserve under the FTC control. The funds were available for development opportunities by a competing company that had received divested assets from the defendants. During FY 2010, the judgment was re-opened by the court and ultimately modified to allow those funds to be returned to the defendants. The disbursement of those funds occurred during the first quarter of FY 2011.

Redress and divestiture fund activities consisted of the following for September 30, 2011 and 2010 (in thousands):

	2011	2010
Redress:		
Fund Balance with Treasury		
Beginning balance	$ 5,471	$ 2,298
Collections	41,596	170,270
Disbursements to claimants	(48)	(483)
Disgorgements to Treasury	(13,177)	(6,659)
Transfers, expenses, refunds	(30,039)	(159,955)
Total fund balance with Treasury, ending	$ 3,803	$ 5,471
Cash and Other Monetary Assets		
Beginning balance	$ 21,473	$ 18,141
Disbursements to claimants	(116,089)	(47,683)
Transfers, expenses, interest income	139,560	51,015
Total cash and other monetary assets, ending	$ 44,944	$ 21,473
Investments		
Beginning balance	$ 153,582	$ 49,306
Transfers, expenses, interest income	(118,139)	104,276
Total investments, ending	$ 35,443	$ 153,582
Accounts receivable, net		
Beginning balance	$ 38,170	$ 55,496
Net Activity	(26,941)	(17,326)
Total accounts receivable, net, ending	$ 11,229	$ 38,170
Divestiture Fund:		
Investments		
Beginning balance	$ 45,523	$ 45,542
Interest, net of (expenses)	(4)	(19)
Return of funds	(45,519)	-
Total investments, ending	$ -	$ 45,523

Note 19 — Reconciliation of Net Cost of Operations to Budget

For the FYs ended September 30, 2011 and 2010 (in thousands)

	2011	2010
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations incurred	$ 293,059	$ 292,729
Less: Spending authority from offsetting collections and recoveries	(114,287)	(91,401)
Obligations net of offsetting collections and recoveries	178,772	201,328
Other Resources		
Imputed financing from costs absorbed by others	11,759	9,706
Net other resources used to finance activities	11,759	9,706
Total resources used to finance activities	190,531	211,034
Resources Used to Finance Items not Part of the Net Cost of Operations:		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	2,936	(22,218)
Resources that finance the acquisition of assets	(5,093)	(5,660)
Total resources used to finance items not part of the net cost of operations	(2,157)	(27,878)
Total resources used to finance the net cost of operations	188,374	183,156
Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods:		
Increase in annual leave liability	330	896
Other	(55)	(5)
Total components of Net Cost of Operations that will require or generate resources in future periods	275	891
Components not Requiring or Generating Resources:		
Depreciation and amortization	3,783	3,073
Total Components of Net Cost of Operations that will not require or generate resources	3,783	3,073
Total components of net cost of operations that will not require or generate resources in the current period	4,058	3,964
Net Cost of Operations	$ 192,432	$ 187,120

OTHER ACCOMPANYING INFORMATION

INSPECTOR GENERAL-IDENTIFIED MANAGEMENT AND PERFORMANCE CHALLENGES

OFFICE OF INSPECTOR GENERAL

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

September 30, 2011

MEMORANDUM

TO: Jon Leibowitz
Chairman, Federal Trade Commission

FROM: John M. Seeba
Inspector General

SUBJECT: FY 2011 FTC Management Challenges

The Federal Trade Commission is required to submit a Performance and Accountability Report (PAR) to the Office of Management and Budget in November 2011. The PAR contains a number of sections that address issues ranging from performance to financial management. The Reports Consolidation Act of 2000 requires the Inspector General to provide the agency head with a summary of the most serious management and performance challenges facing the agency and a brief assessment of the agency progress in addressing those challenges. This summary is included in the FTC's submission of the PAR.

The management challenges included in this document are based on work conducted by the OIG as well as information obtained during informal discussions with senior leaders within the FTC. The OIG prioritized the issues based on risk to the agency.

The FTC continues to face great challenges in combating consumer fraud and addressing antitrust concerns. The economic conditions today challenge all Americans, and also create an environment for illicit schemes to flourish. The FTC continues to see fraudulent practices in areas such as mortgage relief and foreclosure, government grants awards, deceptive work at home scams, and debt collection organizations as well as other areas. The FTC Office of Inspector General (OIG) continues its effort to stop sweepstake and lottery scams by partnering with the Justice Department, the Commerce Department Office of Inspector General and other Federal law enforcement agencies to identify and prosecute those defrauding our citizens. The OIG also works closely with the FTC Office of the Chief Information Officer to ensure that our data center is properly protected.

While there are many issues that continually face FTC managers and executives, our focus continues to be on maintaining protection of data; securing our information technology systems and networks from data loss, destruction or compromise; and maintaining a careful eye on complaints filed with the agency by addressing the most significant problems through effective case management.

The attached document outlines the rationale for our assessment. We provided a draft of our assessment to management. Their comments are incorporated into the section heading, "Agency Progress in Addressing the Challenge." The Office of Inspector General appreciates the ongoing strong support from agency management and looks forward to working with you as we address these matters.

Attachment

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Office of Inspector General
Top Management Challenges at the Federal Trade Commission
September 30, 2011

Management Challenge: Protection of Data

To accomplish its mission, the FTC is entrusted with highly sensitive business and personal information. It is critical for the agency to protect the personally identifiable information (PII), sensitive health information or non-public information used by the agency in the conduct of its day-to-day work. The complexity of assessing the impact of mergers, especially recent proposed mergers in the health care industry required the agency to obtain and review volumes of records and other information on individuals' health care. The volume and sensitivity of the data presents a significant challenge in protecting this data from unauthorized disclosure. The Chief Privacy Officer, in close coordination with the Chief Information Officer and program managers in the FTC's three Bureaus, must work together to ensure that records and other information are adequately protected, but available to agency staff to conduct their day-to-day business.

Agency Progress in Addressing the Challenge

The FTC is fully aware of its responsibility for protecting data and takes that obligation very seriously. The agency continues to promote a strong privacy program to safeguard data through education, training and technology solutions that are probably among the most comprehensive in the Federal Government. Annually, the FTC promotes a privacy week program that emphasizes security awareness, protection of data and a "spring cleaning" to archive or dispose of information that is no longer needed or relevant to the mission of the FTC. The FTC Chief Privacy Officer also works closely with the Chief Information Officer to ensure that the agency has appropriately protected its data and that the staff is properly trained and aware of its responsibility to protect it at all times.

The FTC is continually reevaluating its privacy program and updating training for staff to target new areas of emphasis and risk. We see this especially in the area of health care. The FTC has recently seen an increase in the number of health care related mergers and acquisitions. With those mergers comes the need to review volumes of health care data that include information that is identifiable to individuals. While the FTC does not require and generally prefers de-identified data, the FTC none the less has an obligation to protect all information that it receives. This is no small challenge given the size and complexity of these mergers. To address this challenge, over the past year the Bureau of Competition (BC), in coordination with the Chief Privacy Officer, updated its procedures in the BC Handbook for handling sensitive PII, revised the specifications in Civil Investigative Demands, conducted training on HIPAA compliance, and required all BC staff to attend mandatory privacy training. The increasing deployment and use of privacy enhancing technologies, including encryption and the Secure Investigative lab, also help address this challenge. Another area of concern is the use of social media. While seemingly harmless on the surface, the use of these communication tools can present challenges for federal agencies. To address this challenge, the FTC has developed very strict policies and procedures as well as monitoring tools to ensure that these tools are used appropriately.

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For example, the FTC has an active Social Media Task Force which maintains a web page on the Intranet with a wealth of resources for staff. Moreover, privacy impact assessments are conducted for each use of social media by the FTC to ensure that no more PII than absolutely necessary is collected when the Agency uses social media to engage with the public.

The Challenge Ahead

All FTC employees must continue to focus on the challenge of safeguarding data, including the collection, storage, use and transmission of sensitive data. As the information age continues to generate large volumes of data, the FTC must be ready to safeguard the information available to its staff. We must as an agency guard against complacency when handling sensitive data to ensure that we maintain the trust of the American people.

Management Challenge: Securing the agency's information systems and networks from destruction, data loss, or compromise

The FTC heavily relies on its information systems to support the FTC mission. Virtually all facets of its operations use information technology (IT) to store, analyze, and report on its day-to-day activities. The agency's sensitive data is only as secure as the underlying infrastructure upon which it is stored. Protecting the information systems, networking devices and telecommunication services and the volumes of data stored on and transmitted through them is one of the most challenging tasks faced by federal agencies today.

Data threats originate from a variety of sources ranging from the casual hacker to sophisticated foreign governments that seek to exploit information system weaknesses and gain access to sensitive information. Data threats place a significant burden on information technology to protect our data while still allowing information to flow freely and efficiently across networks and other communication channels.

Over the past two years, the FTC has made a significant investment in upgrading and updating its information technology infrastructure including its data center operations. This investment included a major facility renovation and installation of new servers with virtualization capabilities. During the initial phase of implementing this project, the OIG identified deficiencies in some of the processes used by the Office of the Chief Information Officer (OCIO) and its contractors to install a secure and viable information technology system. While the OCIO has made significant improvements to correct identified deficiencies, much work remains to be done to ensure that we have a secure and state of the art system in place.

Agency Progress in Addressing the Challenge

The OCIO continues to make significant progress in upgrading and maintaining secure information technology infrastructure. The OIG has worked closely with the OCIO to correct identified deficiencies and develop repeatable processes to ensure a secure and sustainable IT infrastructure

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system. The OIG will continue to work with the OCIO and its contractors to ensure that the FTC IT infrastructure and data remain reliable and secure.

The Challenge Ahead

As the information age moves forward and technology continues to evolve, the FTC must adapt to ensure that its investments are up to the task of protecting the data entrusted to its care and secure the availability and integrity of the IT systems that are critical to the agency's ability to successfully perform its law enforcement mission. The challenge for the agency is to ensure that it maintains a strong system of internal controls over all systems and data while it continues to progress in the replacement of its infrastructure and incorporation of new technologies.

Management Challenge: Case Management

The FTC has a very broad mission that challenges the resources of the agency every day: to promote competition and protect consumers from fraudulent and deceptive business practices and unfair methods of competition. Despite current economic conditions, the Bureau of Competition continues to see a steady increase in Hart, Scott, Rodino (HSR) transaction fillings and litigation that tax its current resources. Likewise, the FTC Bureau of Consumer Protection receives and processes thousands of complaints weekly and is constantly challenged to select cases that have the greatest impact on the most people. With new schemes developed daily by fraudsters, the FTC must make hard choices to ensure that actions are taken in a timely manner to preserve competition and protect consumers. The current economic climate has created an environment for disreputable people to commit fraud and constantly stresses the FTC's limited resources.

Agency Progress in Addressing the Challenge

In calendar year 2010, the FTC received over 1.3 million complaints ranging from identity theft, debt collection abuse, and various fraud schemes. The agency uses various performance measures and indicators to assist management in identifying the most significant problem and quickly take action to protect consumers. To meet the challenge of consumer protection, the agency has a multitude of programs to educate consumers, identify fraudulent activity, and stop deceptive or unfair practices through enforcement. The agency also holds workshops to study new and emerging areas of commerce and meets with industry leaders to stay abreast of current issues. In addition, the agency provides law enforcement organizations across the country and the globe with access to information about consumer complaints to assist them in fighting fraud and consumer deception.

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In this economic climate, the agency continues to give high priority to stopping financial frauds. The agency initiates investigations and enforcement actions that target deceptive mortgage practices, debt collection, debt collection, deceptive consumer credit or financial services practices, donation fraud, deceptive pre-paid phone cards, bogus medical discount cards, get-rich-quick schemes and other similar scams that prey on financially distressed consumers. The agency also investigates a range of areas that include deceptive telemarketing, illegal robocalls and false and unsubstantiated claims in infomercials and other advertisements. The agency also reviews and takes action on privacy and data security issues; health, safety and efficacy advertising claims; environmental marketing and energy labeling; marketing to children; etc. Given the small size of the agency, and the broad mandate of stopping consumer fraud, selecting cases that provide the greatest impact is a management challenge that faces front line managers daily.

In the area of competition, the agency is aggressive in identifying and challenging anticompetitive mergers and other anticompetitive business practices. In FY 2011, the FTC has received over 1400 filings pursuant to HSR. The agency continues to study ways of streamlining administrative adjudications and look at ways to better examine investigative data.

The Challenge Ahead

With an increasing workload, a complex marketplace and sophisticated, ever-evolving fraud schemes, the FTC must look to maximize its resources through effective case selection and analysis, management of cases, and coordination with international, federal, state, and local law enforcement organizations. Declining budgetary resources adds even more pressure for the agency to maintain an effective cadre of staff to combat an ever increasing workload.

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CHAIRMAN'S RESPONSE TO IG CHALLENGES

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

THE CHAIRMAN

MANAGEMENT'S RESPONSE TO THE MANAGEMENT AND PERFORMANCE CHALLENGES IDENTIFIED BY THE INSPECTOR GENERAL

In a memorandum dated September 30, 2011, the agency's Inspector General (IG) identified three challenges facing management. The Federal Trade Commission concurs with the IG on these challenges and with the IG's assessment of agency progress addressing the challenges. Moving forward, FTC management will continue its efforts to tackle these challenges proactively.

Signed ____________________
Jon Leibowitz
November 15, 2011

Summary of Financial Statement Audit and Management Assurances

TABLE 1: SUMMARY OF FINANCIAL STATEMENT AUDIT

AUDIT OPINION	Unqualified				
RESTATEMENT	No				
MATERIAL WEAKNESSES	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
	0	0	0	0	0
TOTAL MATERIAL WEAKNESSES	0	0	0	0	0

TABLE 2: SUMMARY OF MANAGEMENT ASSURANCES

Effectiveness of Internal Control Over Financial Reporting (Federal Managers' Financial Integrity Act (FMFIA) Para. 2)					
STATEMENT OF ASSURANCE	Unqualified				
MATERIAL WEAKNESSES	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
TOTAL MATERIAL WEAKNESSES	0	0	0	0	0

Effectiveness of Internal Control Over Operations (FMFIA Para. 2)					
STATEMENT OF ASSURANCE	Unqualified				
MATERIAL WEAKNESSES	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
TOTAL MATERIAL WEAKNESSES	0	0	0	0	0

Conformance with Financial Management System Requirements (FMFIA Para. 4)					
STATEMENT OF ASSURANCE	Systems conform to financial management system requirements				
NON-CONFORMANCES	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
TOTAL NON-CONFORMANCES	0	0	0	0	0

IMPROPER PAYMENTS ELIMINATION AND RECOVERY ACT

The Improper Payments Elimination and Recovery Act (IPERA) (Public Law No. 111-204) which amended the Improper Payments Information Act (Public Law No. 107-300), defines requirements to reduce improper and erroneous payments made by the federal government. In addition, the Office of Management and Budget (OMB) issued guidance (Memorandum M-11-16) which defines "significant improper payments" and prescribes the reporting requirements for agencies with programs that are susceptible to significant improper payments. Significant improper payments as defined by OMB guidance are those that exceed both 2.5 percent of a program's annual payments and $10 million. The FTC reviewed its programs and activities in accordance with the above guidance and determined that none of the agency's programs or activities are susceptible to making significant improper payments.

The IPERA and OMB Memorandum M-11-16 also provide guidance to agencies for implementing payment recapture audits, for programs and activities that expend $1 million or more annually, provided it is cost-effective to do so. The FTC considered the criteria specified in the above guidance in determining whether it would be cost-effective to implement a payment recapture audit program at the FTC and concluded that it would not be cost-effective to do so. The agency informed the IG and the OMB as required. In arriving at our determination, all of the activities within the agency's protecting consumers and maintaining competition programs were included in our assessment. The FTC reached our conclusion by considering the nature (type), volume and amounts of our disbursements, the degree of risk for making an improper payment, and the existence and effectiveness of controls that have been placed into operation to prevent such payments. We also noted the FTC has not made significant improper payments in prior years.

Appendices

APPENDICES

Appendices

APPENDIX A: ACRONYMS

ACO	Accountable Care Organization
APA	Administrative Procedure Act
ACSI	American Customer Satisfaction Index
BC	Bureau of Competition
BCP	Bureau of Consumer Protection
BE	Bureau of Economics
CDC	Centers for Disease Control
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFS	Core Financial System
CISCO	Chief Information Security Officer
CON	Certificate of Need
COOP	Continuity of Operations Plan
COPPA	Children's Online Privacy Protection Act
CPO	Chief Privacy Officer
CRSS	Consumer Response Systems and Services
CSN	Consumer Sentinel Network
CSRS	Civil Service Retirement System
DNC	Do Not Call
DOJ	Department of Justice
DOL	Department of Labor
DRM	Digital Rights Management
ERCR	Electronic Recordkeeping Certification Review
EDMS	Electronic Document Management System
EFT	Electronic Funds Transfer
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance with Treasury
FDA	Food and Drug Administration
FECA	Federal Employee's Compensation Act
FEGLIP	Federal Employees Group Life Insurance Program
FEHBP	Federal Employees Health Benefit Program
FEMA	Federal Emergency Management Agency
FERS	Federal Employees Retirement System
FICA	Federal Insurance Contributions Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act

FTC	Federal Trade Commission
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GAS	Government Account Series
GPRA	Government Performance and Results Act
GSA	General Services Administration
HRMO	Human Resources Management Office
HSR	Hart-Scott-Rodino Act
ICN	International Competition Network
IG	Inspector General
IP	Intellectual Property
IPPA	Integrated Project Plan of Action
IT	Information Technology
MC	Maintain Competition
MD&A	Management's Discussion and Analysis
N/A	Not Applicable or Not Available
NFL	National Football League
NIST	National Institute of Standards and Technology
MLS	Multiple Listing Service
MOU	Memorandum of Understanding
OCIO	Office of the Chief Information Officer
OECD	Organization for Economic Co-operation and Development
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPEC	Organization of the Petroleum Exporting Countries
OPM	Office of Personnel Management
ORB	Other Retirement Benefits
PAR	Performance and Accountability Report
PC	Protect Consumers
PII	Personally Identifiable Information
PSC	Privacy Steering Committee
SAS	Statement on Auditing Standard
SAT	Senior Assessment Team
SBR	Statement of Budgetary Resources
SCA	Statement of Custodial Activity
SFFAS	Statement of Federal Financial Accounting Standard

SHI	Sensitive Health Information
SOA	Statement of Assurance
TAS	Treasury Account Symbol
TSP	Thrift Savings Plan
TTY	Text Telephone or Telephone Typewriter
U.S.	United States
U.S. SAFE WEB Act	Undertaking Spam, Spyware, And Fraud Enforcement With Enforcers beyond Borders Act of 2006
USDA	United States Department of Agriculture

APPENDIX B: CONTACT INFORMATION

FEDERAL TRADE COMMISSION

600 Pennsylvania Avenue, NW
Washington, DC 20580

General Information Number	202-326-2222
Internet Home Page	www.ftc.gov
FTC Spanish Home Page	www.ftc.gov/espanol
Strategic Plan Internet Site	www.ftc.gov/strategicplan
FTC Press Releases	www.ftc.gov/opa/pressold.shtm

PERFORMANCE AND ACCOUNTABILITY REPORT (PAR) SPECIFIC

The FTC welcomes comments or suggestions for improvement of its PAR. Please contact the agency to provide feedback or to request additional copies.

PAR Internet Site	www.ftc.gov/par
PAR Contact	Valerie Green
PAR Telephone	202-326-2901
PAR Email Address	gpra@ftc.gov
PAR Fax Number	202-326-2329
PAR Mailing Address	Federal Trade Commission attn: PAR, M/D H-774 600 Pennsylvania Avenue, NW Washington, DC 20580

REGIONS

East Central (Cleveland, OH)	216-263-3455
Midwest (Chicago, IL)	312-960-5634
Northeast (New York, NY)	212-607-2829
Northwest (Seattle, WA)	206-220-6350
Southeast (Atlanta, GA)	404-656-1390
Southwest (Dallas, TX)	214-979-9350
Western (San Francisco, CA)	415-848-5100
Western (Los Angeles, CA)	310-824-4343

CONSUMER RESPONSE CENTER

General Complaints	877-FTC-HELP (877-382-4357)
Identity Theft Complaints	877-ID-THEFT (877-438-4338)
Online General Complaints	www.ftc.gov/complaint
Identity Theft Education and Complaints	www.ftc.gov/idtheft
National Do Not Call Registry	www.donotcall.gov

APPENDIX C: OTHER USEFUL LINKS

INTRODUCTION

- Accountability of Tax Dollars Act of 2002: http://www.whitehouse.gov/sites/default/files/omb/assets/about_omb/107-2891.pdf
- Association for Government Accountant's Certificate of Excellence in Accountability Reporting (CEAR): http://www.agacgfm.org/performance/cear/
- Clayton Act: http://www.law.cornell.edu/uscode/html/uscode15/usc_sec_15_00000012----000-.html
- Fair Credit Reporting Act: http://www.ftc.gov/os/statutes/031224fcra.pdf
- Federal Managers' Financial Integrity Act of 1982 (FMFIA): http://www.whitehouse.gov/omb/financial_fmfia1982
- Federal Trade Commission Act: http://www.ftc.gov/ogc/ftcact.shtm
- Government Management Reform Act of 1994: http://govinfo.library.unt.edu/npr/library/misc/s2170.html
- Government Performance and Results Act of 1993 (GPRA): http://www.whitehouse.gov/omb/mgmt-gpra/gplaw2m
- GPRA Modernization Act of 2010: http://www.gpo.gov/fdsys/pkg/BILLS-111hr2142enr/pdf/BILLS-111hr2142enr.pdf
- Identity Theft Act: http://www.ftc.gov/os/statutes/itada/itadact.htm
- Improper Payments Information Act of 2002: http://www.whitehouse.gov/omb/financial_fia_improper/
- Reports Consolidation Act of 2000: http://www.gpo.gov/fdsys/pkg/BILLS-106s2712enr/pdf/BILLS-106s2712enr.pdf
- Telemarketing Sales Rule: http://www.ftc.gov/bcp/rulemaking/tsr/index.shtml

MD&A

- Accountable Care Organizations (ACOs) overview: https://www.cms.gov/ACO
- Affordable Care Act: http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf
- American Customer Satisfaction Index (ACSI): http://www.theacsi.org
- Children's Online Privacy Protection Act (COPPA) Rule: http://business.ftc.gov/privacy-and-security/children%E2%80%99s-online-privacy
- Circular A-123, "Management's Responsibility for Internal Control": http://www.whitehouse.gov/omb/circulars_a123_rev/
- Commission's Prohibition of Energy Market Manipulation Rule: http://www.ftc.gov/os/2009/08/P082900mmr_finalrule.pdf

- Debt Collection Improvement Act of 1996: http://www.dol.gov/ocfo/media/regs/DCIA.pdf
- Equal Credit Opportunity Act: http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre15.shtm
- Federal Human Capital Survey: http://www.fedview.opm.gov
- Federal Information Security Management Act (FISMA): http://csrc.nist.gov/drivers/documents/FISMA-final.pdf
- FTC Guides for the Use of Environmental Marketing Claims: http://www.ftc.gov/bcp/edu/microsites/energy/about_guides.shtml
- Gasoline and Diesel Price Monitoring Project: http://www.ftc.gov/ftc/oilgas/gas_price.htm
- Government Accountability Office (GAO) Auditing Resources: http://www.gao.gov/aac.html
- International Competition Network: http://www.internationalcompetitionnetwork.org
- Managed Trusted Internet Protocol Service: http://www.gsa.gov/portal/content/104213
- Mortgage Assistance Relief Services Rule: http://business.ftc.gov/documents/bus76-mortgage-assistance-relief-services-rule
- Office of Inspector General (OIG): http://www.ftc.gov/oig/
- Prompt Payment Act: http://www.fms.treas.gov/prompt/regulations.html
- Trusted Internet Connection: http://www.dhs.gov/files/programs/gc_1268754123028.shtm
- We Don't Serve Teens: http://www.dontserveteens.gov

PERFORMANCE

- Complaint Assistant: https://www.ftccomplaintassistant.gov
- Hart-Scott-Rodino (HSR) Act: http://www.ftc.gov/bc/hsr
- Home Mortgage Disclosure Act: http://www.fdic.gov/regulations/laws/rules/6500-3030.html
- Human Capital Assessment and Accountability Framework: http://www.opm.gov/hcaaf_resource_center/2-1.asp
- Net Cetera: Chatting with Kids about Being Online: http://onguardonline.gov/features/feature-0004-featured-net-cetera-toolkit
- Undertaking Spam, Spyware, And Fraud Enforcement With Enforcers beyond Borders Act of 2006 (U.S. SAFE WEB Act): http://www.gpo.gov/fdsys/pkg/PLAW-109publ455/pdf/PLAW-109publ455.pdf

OTHER ACCOMPANYING INFORMATION

- Improper Payments Elimination and Recovery Act (IPERA): http://www.whitehouse.gov/the-press-office/president-obama-sign-improper-payments-elimination-and-recovery-act

Appendices

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